

AR05

ANNUAL REPORT 1967





MAR - 2 1968

THE PRICE COMPANY LIMITED • ANNUAL REPORT 1967

HIGHLIGHTS	1967	1966
Paper and paperboard production	988,000 tons	978,000 tons
Sales, less delivery expenses	\$142,448,000	\$143,569,000
Gain on foreign exchange	8,031,000	8,036,000
Mining income	2,414,000	2,406,000
Depreciation and depletion	10,369,000	10,073,000
Interest on long-term debt	3,574,000	2,742,000
Income taxes	8,597,000	9,395,000
Net profit from operations —per common share	9,300,000 0.96	10,914,000 1.13
Net earnings —per common share	10,615,000 1.10	12,026,000 1.25
Cash flow —per common share	28,438,000 2.97	29,669,000 3.10
Dividend rate —per common share	0.75	0.75
Working capital	77,593,000	71,516,000
Expenditures on fixed assets	41,749,000	38,928,000

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- 21 Manufacturing and marketing organization
- 22 Price Fine Arts Award paintings



New high-speed newsprint machine at Alma
capable of producing a sheet of newsprint 25 ft. wide at a speed of 3,000 ft. per minute.



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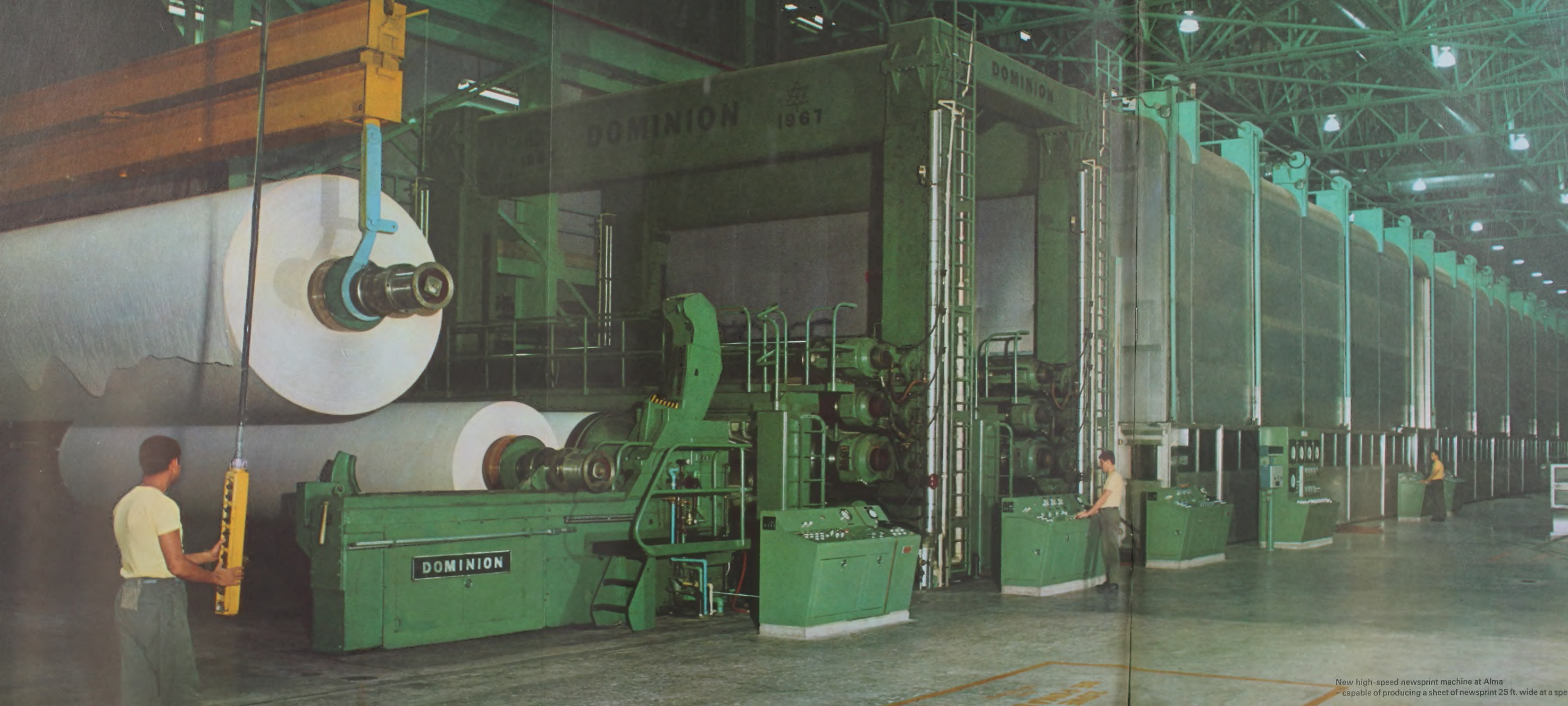
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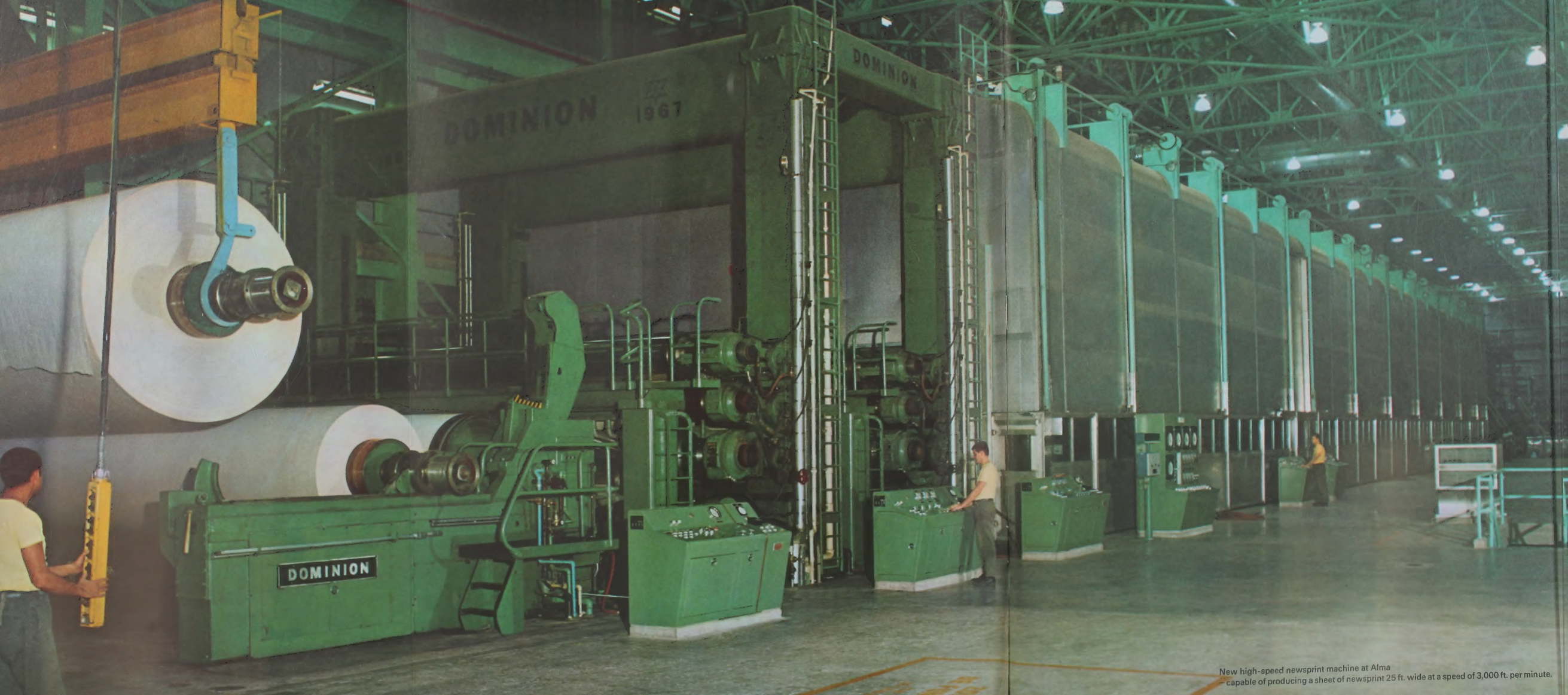
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REPORT TO THE SHAREHOLDERS



T. R. Moore
Chairman of the Board and President

The year 1967 was one of excess supply in the pulp and paper industry. Nevertheless, the Price Group continued to operate its mills at a high level of capacity and took several major steps towards the achievement of its long range goals.

Earnings, Sales and Production

Despite the softer markets which prevailed throughout 1967, and particularly the falling off in demand for Canadian newsprint which became increasingly evident late in the year, Price's total sales of \$142,448,000 were less than one percent lower than in the record year of 1966. Net profit from operations amounted to \$9,300,000 as compared with \$10,914,000 last year and net earnings of \$10,615,000 were equivalent to \$1.10 per share after preferred dividends, as compared with \$12,026,000 or \$1.25 per share in 1966. The decrease of 15

cents per share was due to absorbing higher interest expense, the transition of the Chandler operation from a combined market pulp and newsprint mill to a two-machine newsprint mill, and to higher manufacturing costs attributable mainly to increased wage rates. Sales and production figures are analysed by product in the "block" on the following page, and a graphic analysis of net profit from operations is set out in the chart on page 7 which also shows separately the contributions from pulp and paper and from mining.

The weaker markets for pulp and paper products in 1967 were brought about by the incidence of new mill capacity in several producing countries and by a slackening in demand. With a substantial decline in the volume of newspaper advertising in the United States and the United Kingdom, the growth in newsprint consumption levelled off materially. The increase in world newsprint manufacturing capacity greatly exceeded the gain in world demand. Although the tonnage shipped by Canadian newsprint mills to the United States market was the second highest in history, it was slightly lower than 1966, reflecting the effect of the completion of new newsprint manufacturing facilities in the southern and western states. As a consequence, the Canadian newsprint industry operated at approximately 87% of capacity during the year as compared with 95% in 1966.

Price (Nfld.) Pulp & Paper Limited

Newsprint production during the year totalled 262,000 tons, about 6% below the record level established in 1966. The reduction in the output of the Grand Falls mill was largely due to power shortages which resulted from winter ice conditions on the Exploits River. Now that a reliable source of purchased hydro power has been established at Bay d'Espoir, the problem of power shortages due to river ice buildups should be greatly alleviated. Severe winter conditions also had an adverse effect on shipping operations through the port of Botwood.



Remote control unit—Grand Falls wood-handling system

Terra Nova Properties Limited

Despite somewhat lower prices for base metals, and marketing problems arising from smelter strikes in the United States, mining income of \$2,414,000 was substantially unchanged from the previous year. Reserves of proven and probable ore at Buchans, Newfoundland re-

main adequate to support mine production for at least another 9 to 11 years.

Through a wholly-owned subsidiary, Terra Nova Explorations, Ltd., exploration work was carried out during the year in Canada and abroad. A considerable amount of this work was concentrated on the property in the Pekan Brook region of the Quebec Gaspé Park where it is intended to drive an adit into a promising-looking area of mineralization when development activities are resumed in the spring. Agreements have been signed with Sun Oil Company for oil exploration on a portion of Price's woodlands area and with Carey-Canadian Mines, Limited for further exploration of an asbestos occurrence.

In Newfoundland, an adit at a tungsten deposit on the Grey River has been driven a distance of 1000 feet. Diamond drilling is being continued at Great Burnt Pond and Tulks Pond and base metal mineralization is being encountered.

Gaspesia Pulp and Paper Company Ltd.

The Chandler mill produced a record 108,000 tons of newsprint in 1967, a gain of 9,000 tons over the previous year. Gaspesia's newsprint production has shown a steady annual growth since its newsprint machine commenced operation in 1964 with an output in that year of

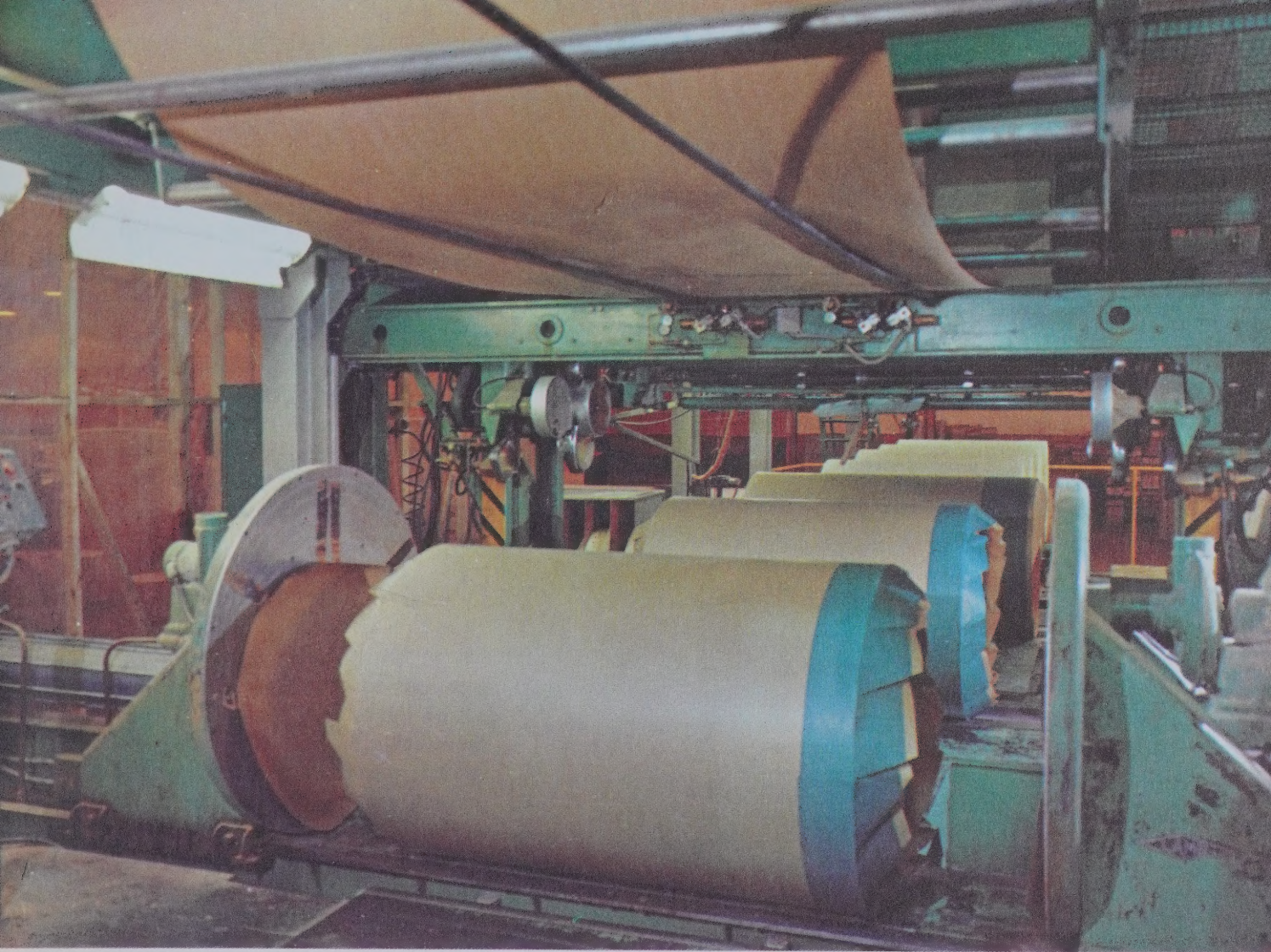
Sales

Newsprint	
Paperboard	
Kraft paper	
Market pulp	
Lumber	
Converted and resale products of Price Wilson	

1967	1966
\$100,185,000	\$ 99,092,000
8,691,000	8,709,000
9,354,000	9,123,000
1,257,000	7,395,000
5,155,000	3,910,000
17,806,000	15,340,000
<u>\$142,448,000</u>	<u>\$143,569,000</u>

Production

Newsprint	884,000 tons	875,000 tons
Paperboard	53,000 tons	53,000 tons
Kraft paper	51,000 tons	50,000 tons
Market pulp	11,000 tons	59,000 tons
Lumber	75,000 M f.b.m.	41,000 M f.b.m.



Automatic newsprint roll wrapping machine at Alma

81,000 tons. Discontinuance of market sulphite pulp production at the end of 1966 permitted the mill to change to higher yield chemical pulp furnish for its newsprint and the pulp mill was converted from a calcium base to a sodium base operation. The use of the stronger sodium base pulp has permitted higher machine speeds and has added to the quality and competitiveness of Gaspesia's newsprint. Construction of a new wharf by the Canadian Government at the port of Chandler is progressing well and the rock wall approaches have been pushed out about 1100 feet from the shoreline. It is expected that the port will be able to handle vessels of up to 15,000 tons by the end of 1969.

Price Wilson Limited

In line with the policy of identifying subsidiaries as members of the Price Group of Companies, the name of J. C. Wilson, Limited has been changed to Price Wilson Limited. The progress shown by this manufacturing, converting

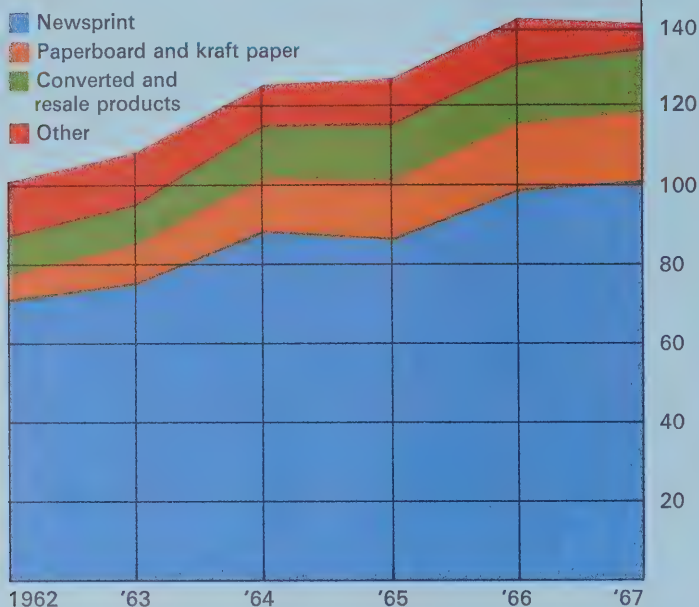
and distributing subsidiary since it joined the Price Group in 1959 continued in 1967 and the dollar value of its sales increased by 13% during the year. Price Wilson holds an important exclusive licence for the distribution of polypropylene strapping in Canada. This product is gaining considerable acceptance in the transportation field. Price Wilson's distributing organization extends from coast to coast and a new branch has recently been added at St. Thomas, Ontario, to improve coverage of the important Southern Ontario market.

Industrial Relations

On 1st October 1967, Price voluntarily undertook a program to eliminate the use of time clocks by hourly-paid employees. This program, which stresses the Company's basic policy of "faith in the individual", and which puts increased responsibility on first line supervisors, has been well received by employees and unions alike.

SALES BY PRODUCT

\$ Millions



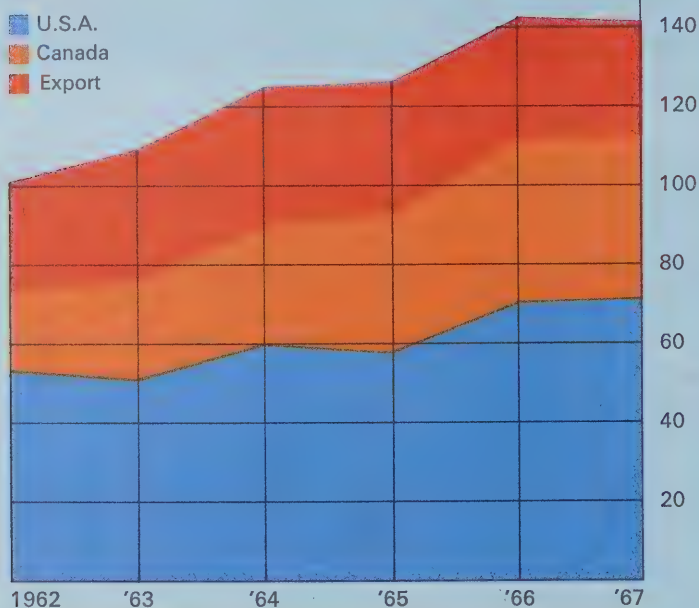
As is the case with most other Canadian pulp and paper manufacturers, Price has major mill and woodlands labour agreements which are due to come up for re-negotiation during 1968. The relationship with the union groups continued to be good throughout 1967 and the high rate of operations which was maintained during the year provided employees with the highest earnings level in the history of Price.

Research and Development

During 1967, Price participated in the research work carried out by the Pulp and Paper Research Institute of Canada. The work of this group spans the full range of study from fundamental research to the development of new process and equipment concepts. The efforts of the Company's own research and development group during 1967 were concentrated primarily on the development, in the newsprint field, of processes to improve pulp and end-product quality, while reducing costs. Price has a full scale pilot plant in operation at its Kenogami mill in connection with its experiments in the field of refiner groundwood. This plant now produces 50 tons of groundwood furnish per day from wood chips. In addition, forestry studies were carried out during the year in order to assess the growths and yield potentials of cut-over areas, and a large-scale tree nursery which will produce 5,000,000 black spruce seedlings per annum for transplanting has been established in Newfoundland. Joint studies were also made with other research groups on the effects of woods mechanization on forest regeneration and on the growth increment to be obtained through fertilization. Price's expenditures on research and development are continuing to increase and totalled close to \$1,250,000 for the two years 1966 and 1967.

SALES BY MARKET

\$ Millions

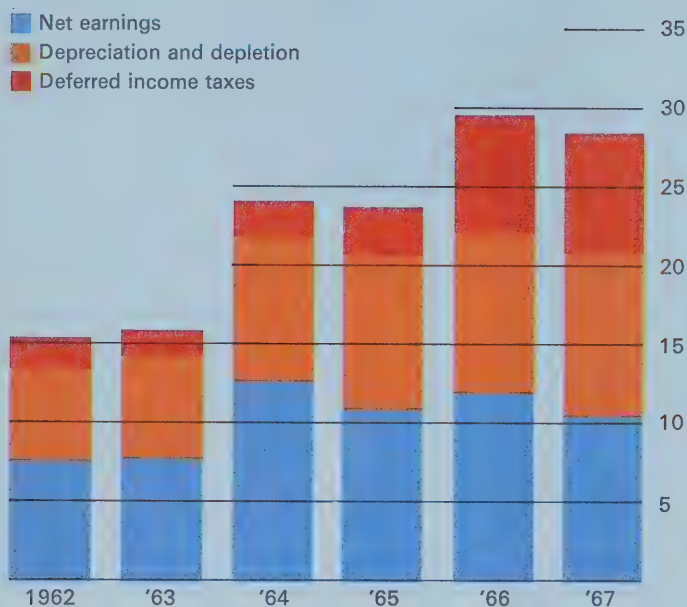


Capital Expenditures

The major expansion, diversification and modernization program undertaken by Price in 1961 was nearing completion at the end of 1967. At

CASH FLOW

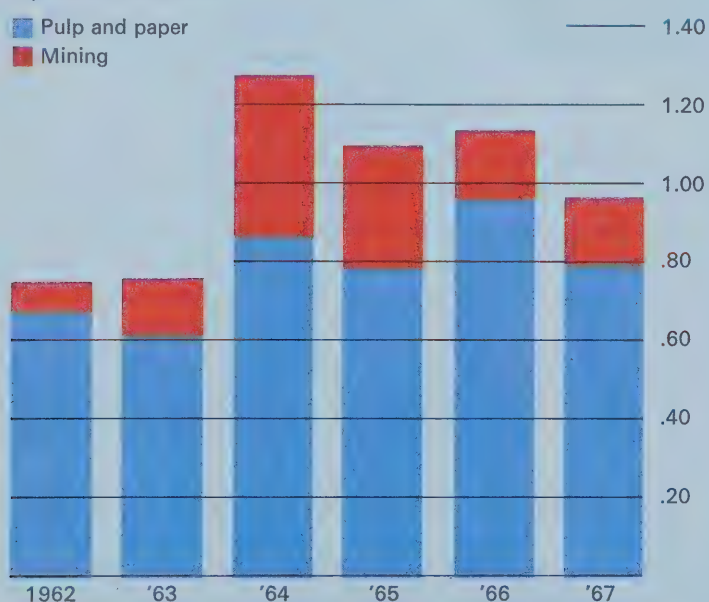
\$ Millions



the beginning of the year, the Jonquiere kraft pulp flash dryer and the Shipshaw sawmill commenced commercial operations. In the fall, the first of three newsprint machines being constructed was completed. This machine, which has commenced production at Alma, now operates at a speed which rivals the fastest newsprint machines in Canada. A second new machine, located at Grand Falls, was completed at the beginning of 1968. The third machine is still under construction at Chandler and is expected to be completed and in production by mid-1968. The total amount budgeted for this three-machine construction project was approximately \$55,000,000, and it is not expected that this estimate will be exceeded. Capital expenditures totalling \$41,749,000 for the year 1967 are analysed by major project in the schedule on page 8 and include \$915,000 of interest during construction. Preproduction and start-up expenses, which totalled \$1,404,000 during the year, will be amortized during the first five years of commercial production. While certain projects being considered for inclusion in the 1968 capital expenditure program remain under review, total capital outlays for the year are expected to be between \$14,000,000 and \$18,000,000.

SOURCE OF NET PROFIT FROM OPERATIONS

\$ per common share



West Coast Pulp Mill

Price is continuing to study the feasibility of constructing and operating a kraft pulp mill in British Columbia.

Southern Newsprint Mill

Price has agreed with Boise Cascade Corporation to construct a 150,000 ton per annum newsprint mill near De Ridder, Louisiana. This mill, which is estimated to cost \$20,000,000, will be located adjacent to Boise Cascade's new kraft and paperboard mill and is expected to be in operation by 1970. The newsprint mill will initially consist of one modern high-speed newsprint machine and ancillary equipment, but provision will be made to facilitate the installation of a second machine at a later date.



Rewinding of generator at Grand Falls

This project will be the first United States newsprint manufacturing venture for both companies, and the first joint newsprint manufacturing enterprise in the United States involving a Canadian producer. The newsprint mill will be owned equally by Price and Boise Cascade and each company will be responsible for the sale of one-half of the output. Construction is expected to begin in 1968.

Capital Structure

In June 1967, Price marketed a \$30,000,000 issue of 6¾% Series B debentures due 1987. The proceeds from these debentures have been used to repay bank loans and to finance the capital expansion program. This issue received good market acceptance and was well timed in that it preceded a fairly substantial rise in interest rates.

A special general meeting of shareholders in October 1967 approved an increase in the authorized capital of the Company through the creation of 600,000 5.6% cumulative redeemable preferred shares of a par value of \$100 each. The purpose of creating these shares was to enable the Company to make a conditional offer for the shares of Fraser Companies, Limited as part of its program to diversify into commercial papers and groundwood paper fields. This offer was subsequently withdrawn and Price is continuing to study other means of achieving product diversification.

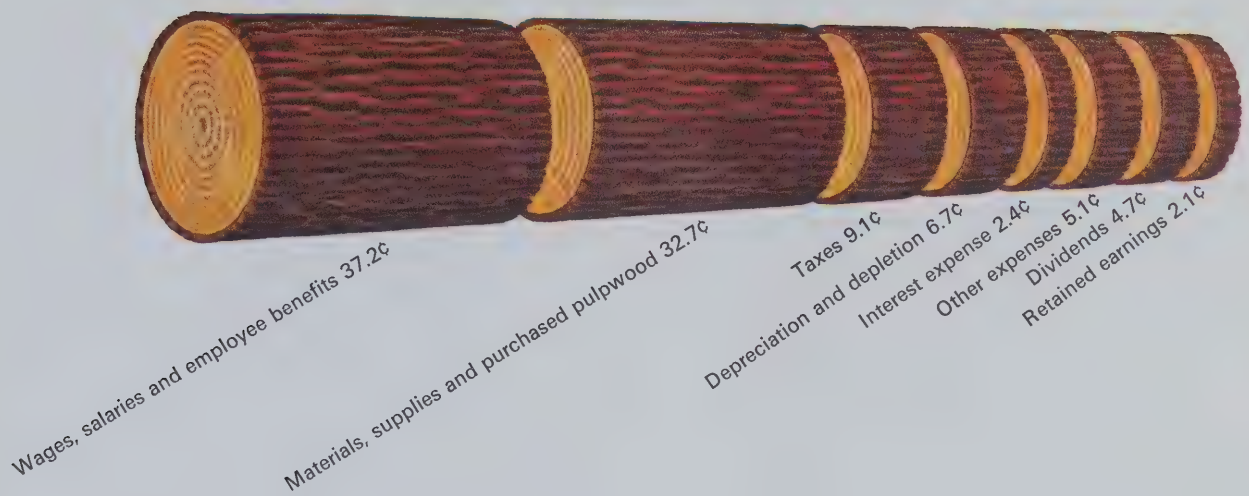
Canada's Centennial

As a member of the Canadian Pulp and Paper Association, Price participated in supporting the Pulp and Paper Pavilion at Expo '67. This pavilion turned out to be one of the great successes of the World Exhibition. It was open twelve hours a day, seven days a week, throughout the Expo period and was attended by almost a million people while many more had to be turned away. The pavilion, with its imaginative

Capital Expenditures—1967

Work on new newsprint machines at Alma, Grand Falls and Chandler	\$28,377,000
Completion of new steam boiler and turbogenerator at Kenogami	2,542,000
General modernization and replacement of mill assets	9,209,000
Purchase and construction of new woods assets	1,621,000
	<hr/>
	\$41,749,000
	<hr/>

DISTRIBUTION OF THE INCOME DOLLAR



audio-visual theater and "Lab 67" presentation, seemed to have a great appeal to young people and undoubtedly stimulated a considerable amount of interest in the pulp and paper industry.

Price's own Centennial projects were also resounding successes. In addition to making contributions to a recreation center at Chandler and to a swimming pool complex at Grand Falls, Price undertook as its major Centennial project, the sponsoring of all-expense visits to Expo for 500 children of employees living within a reasonable distance of Montreal. These children, whose names were chosen at random from among 1800 applicants, were given a fully guided tour with a school teacher monitor for each group of ten children and with registered nurses in attendance. Judging from the many letters of gratitude received by the Company, these youngsters took home memories of the wonderful fair that was Expo which will long outlast the physical souvenirs that they collected. Despite the plethora of deprecating reports about the young people of today which have received so much publicity, the fine deportment of these children brought many compliments from both staff and visitors at the Expo site and reflected well both upon their sponsor and upon the Price employees who are their parents.

The Price Fine Arts Award

The Price Fine Arts Award was established in 1965 to encourage Canadian commercial artists with a talent for fine art. In the three-year period since the award was founded, the number of entries in the annual competition has climbed from 100 to 350 and the paintings submitted now constitute a remarkably representative selection from commercial artists across the country. The 1967 winners were chosen by a distinguished panel of judges under the chairmanship of Doctor David Carter, Director of the Montreal Museum of Fine Arts. These paintings have been shown in major centers across Canada. Price intends to continue sponsoring this annual award in order to provide a medium through which the many outstanding artists in the Canadian graphic arts industry may gain increased recognition. A selection of award-winning paintings is reproduced in the center of this annual report booklet. Entries for the 1968 competition are now being accepted and the final selection of this year's award winners will be made in April.

Outlook for the Pulp and Paper Industry

The Canadian pulp and paper industry enters 1968 in the face of surplus world capacities of newsprint and other pulp and paper products, and international market conditions are ex-



Folding carton plant at Lachute

pected to remain very competitive. As a result of these conditions, most of the companies in the industry ended 1967 with lower earnings than in 1966 and while some can be expected to better their past year's results in 1968, it is not likely that the majority of the companies will do so. Outlays on capital expansion projects in the pulp and paper industry are certain to be sharply lower than in 1967. Fortunately, the economy of the Canadian industry's most important customer, the United States, continued strong at the year-end after achieving an unprecedented 82 months without a recession, and its 1968 outlook remains promising. Nevertheless, Canadian pulp and paper mills are not likely to narrow their margins of stand-by capacity appreciably and the newsprint sector of the industry is expected to operate at a level of about 85% of capacity.

It must be borne in mind, however, that what is so often referred to as "overcapacity" in the pulp and paper industry is really a basic condition inherent to this business. It is the re-

sponsibility of a supplier to have tonnage available when a customer requires it, and as production units in this industry are extremely large, it is not possible to meet a sudden surge in demand unless there is a reserve of output capability standing by. The reserve of world newsprint capacity, for instance, has exceeded a million tons more than 70 percent of the time in the last forty years, excluding World War II. The cost of carrying this stand-by potential, which represents hundreds of millions of dollars of investment, is one of the costs of being in the pulp and paper industry and must be regarded in this light by manufacturers and customers alike.

Outlook for the Price Group

With its third new newsprint machine coming into production in mid-year, Price's newsprint capacity is expected to reach a record high of approximately one million tons in 1968. The Company's newsprint order position is sound and is again expected to support a high level of

operations. It is estimated that the overall sales revenues of the Price Group in 1968 will show an increase of approximately 7 to 10 percent over 1967. This increase should more than offset higher operating costs and with a somewhat improved mining income expected, net profit from operations should show an increase over 1967. Additional improvements in earnings are expected in 1969 and 1970 as markets improve and as the new production capacity achieves its full potential.

for its success upon the energy and enthusiasm with which these individuals approach their assignments. Price has accomplished a great deal in 1967 and the Directors gratefully acknowledge the efforts of the men and women in the Company who have proved themselves both devoted and capable.

Submitted on behalf of the Board,
T. R. Moore
President

A large corporate enterprise is basically a group of people working together, and it is dependent

Quebec, P.Q.
26th February 1968

ACCOUNTING POLICY

The consolidated financial statements of Price are assembled in accordance with generally accepted accounting principles and include the accounts of all subsidiaries, with provision for the interests of minority shareholders.

Inventory Valuation – Inventories are valued at the lower of cost or market. In general, inventories are carried at average cost which is less than net realizable market values.

Fixed Assets and Depreciation – Fixed assets are recorded at cost and depreciation is provided at rates considered adequate to amortize the cost over the productive lives of the assets. The main depreciation rates in use are: paper mill assets acquired after 1963 and kraft and paperboard facilities, 5% straight-line; paper mill assets acquired before the end of 1963, 10% reducing balance; woods fixed assets, 30% reducing balance. Of total mill assets in operation at present, 56% are being depreciated on the reducing balance basis and 44% on the straight-line basis. No depreciation is provided on major new additions until they are completed and in commercial operation.

Income Taxes – In order to minimize tax payments, depreciation and certain other charges are claimed for tax purposes in amounts which exceed those written off in the accounts. In such cases, income taxes charged against earnings are based on accounting write-offs and the reduction in taxes currently payable is accumulated on the balance sheet as Deferred Income Taxes to be available to reduce taxes chargeable to future earnings, should depreciation and other charges written off exceed the amounts permitted for tax purposes.

Disposals – Although an active company frequently changes its investments and disposes of used fixed assets, such transactions tend to occur irregularly. Therefore, it is Price's practice to show net profit from regular operations on its statement of earnings prior to reflecting the effect on net earnings of any profit or loss on sales of investments and fixed assets.

Consistency – The accounts are prepared on a basis consistent with previous years, except for occasional changes to take advantage of improved accounting practices, in which case the effect of any material change is duly noted.

THE PRICE COMPANY LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

Year ended 31st December

	1967	1966
Sales, less delivery expenses	\$142,448,000	\$143,569,000
Gain on foreign exchange	8,031,000	8,036,000
Mining income	2,414,000	2,406,000
	<u>152,893,000</u>	<u>154,011,000</u>
Cost of sales, including selling and administrative expenses	122,024,000	121,547,000
	<u>30,869,000</u>	<u>32,464,000</u>
Investment income	1,066,000	1,155,000
	<u>31,935,000</u>	<u>33,619,000</u>
Depreciation and depletion (Note 6)	10,369,000	10,073,000
Interest on long-term debt (Note 5)	3,574,000	2,742,000
Profit before income taxes and minority shareholders' interest	17,992,000	20,804,000
Income taxes (Note 6)	8,597,000	9,395,000
Minority shareholders' interest	95,000	495,000
Net profit from operations	<u>9,300,000</u>	<u>10,914,000</u>
Profit on sales of investments and fixed assets	1,315,000	1,112,000
Net earnings	<u>\$ 10,615,000</u>	<u>\$ 12,026,000</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended 31st December

Retained earnings from previous years	\$ 85,354,000	\$ 80,911,000
Net earnings for the year	10,615,000	12,026,000
	<u>95,969,000</u>	<u>92,937,000</u>
Expenses of new financing and share-exchange offer (Note 10)	1,043,000	—
Dividends on—4% preferred shares	150,000	155,000
—common shares	7,150,000	7,428,000
Retained earnings at 31st December	<u>\$ 87,626,000</u>	<u>\$ 85,354,000</u>



**CONSOLIDATED
STATEMENT OF
SOURCE AND
APPLICATION
OF FUNDS**

Year ended 31st December

	1967	1966
Source of Funds:		
Net earnings	\$ 10,615,000	\$ 12,026,000
Depreciation and depletion (Note 6)	10,369,000	10,073,000
Deferred income taxes (Note 6)	7,454,000	7,570,000
Cash flow	28,438,000	29,669,000
Increase in long-term debt (Note 7)	29,000,000	9,751,000
Decrease in investments (Note 4)	910,000	1,903,000
Miscellaneous	80,000	231,000
	<u>58,428,000</u>	<u>41,554,000</u>
Application of Funds:		
Additions to fixed assets—net (Note 5)	41,041,000	38,627,000
Dividends	7,300,000	7,583,000
Deferred charges (Note 3)	1,698,000	—
Increase in receivables not currently due	1,269,000	861,000
Expenses of new financing and share-exchange offer (Note 10)	1,043,000	—
	<u>52,351,000</u>	<u>47,071,000</u>
Increase (Decrease) in Working Capital	6,077,000	(5,517,000)
Working Capital at Beginning of Year	71,516,000	77,033,000
Working Capital at End of Year	<u>\$ 77,593,000</u>	<u>\$ 71,516,000</u>

THE PRICE COMPANY LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

at 31st December

	1967	1966
Assets		
Current Assets :		
Cash	\$ 4,281,000	\$ 4,560,000
Short-term investments at cost (market value \$3,013,000)	3,013,000	12,233,000
Accounts receivable	33,925,000	33,983,000
Inventories, at lower of cost or market (Note 2)	57,964,000	47,746,000
Prepaid expenses	1,072,000	1,580,000
	<u>100,255,000</u>	<u>100,102,000</u>
Deferred Charges (Note 3)	1,698,000	—
Receivables not Currently Due	5,597,000	4,328,000
Investments (Note 4)	6,694,000	7,604,000
Fixed Assets (Note 5) :		
Property, plant, equipment, timber limits and mining rights, at cost	341,907,000	301,690,000
Less : Accumulated depreciation and depletion	155,253,000	145,708,000
	<u>186,654,000</u>	<u>155,982,000</u>
	<u>\$300,898,000</u>	<u>\$268,016,000</u>

Approved on behalf of the Board

T. R. Moore }
Guy Hudon } *Directors*



	1967	1966
Liabilities		
Current Liabilities:		
Bank loans (secured)	\$ —	\$ 7,568,000
Accounts payable and accrued liabilities	16,919,000	14,639,000
Dividends payable	1,864,000	1,864,000
Income and other taxes payable	2,879,000	3,515,000
Long-term debt due within one year (Note 7)	1,000,000	1,000,000
	<u>22,662,000</u>	<u>28,586,000</u>
Deferred Income Taxes (Note 6)	25,229,000	17,775,000
Long-Term Debt (Note 7)	80,626,000	51,626,000
Minority Shareholders' Interest in		
Subsidiary Companies	4,033,000	3,953,000
Shareholders' Equity:		
4% Cumulative redeemable preferred shares		
of \$100 par value (redeemable at \$101)—		
Authorized and issued—50,000 shares, less		
12,500 shares redeemed	3,750,000	3,750,000
5.6% Cumulative redeemable preferred shares of \$100		
par value (redeemable at \$110)—		
Authorized and unissued—600,000 shares (Note 8)	—	—
Common shares without nominal or par value—		
Authorized—15,000,000 shares;		
issued—9,532,632 shares (Note 9)	76,972,000	76,972,000
Retained earnings	87,626,000	85,354,000
	<u>168,348,000</u>	<u>166,076,000</u>
	<u>\$300,898,000</u>	<u>\$268,016,000</u>

NOTES TO
FINANCIAL
STATEMENTS

Note 1. Conversion of Foreign Currencies

Balances and transactions in foreign currencies have been converted to Canadian dollars as follows :

Balance sheet—current assets and current liabilities at exchange rates in effect at 31st December ;
long-term debt at rates in effect when debt incurred.

Statement of earnings—at rates of exchange in effect during the year.

Note 2. Inventories

	1967	1966
Finished products	\$ 15,401,000	\$ 11,886,000
Pulpwood and sawlogs	14,109,000	12,169,000
Expenditures on current logging operations	17,701,000	14,462,000
Operating supplies and materials	10,753,000	9,229,000
	<u>\$ 57,964,000</u>	<u>\$ 47,746,000</u>

Note 3. Deferred Charges

Include preproduction and start-up expense of \$1,404,000 for new newsprint machines which will be amortized over the first five years of commercial operation.

Note 4. Investments

	1967	1966
Marketable shares (market value \$6,675,000)	\$ 5,237,000	\$ 6,062,000
Other investments	1,457,000	1,542,000
	<u>\$ 6,694,000</u>	<u>\$ 7,604,000</u>

Marketable shares include shares recorded at 31st December 1954 market value of \$4,809,000. The remaining marketable shares and other investments, consisting of shareholdings acquired for business purposes, are recorded mainly at cost.

Note 5. Fixed Assets

	1967	1966
Pulp and paper mills, converting facilities and sawmills	\$254,666,000	\$216,461,000
Water power rights and developments	43,681,000	43,172,000
	<u>298,347,000</u>	<u>259,633,000</u>
Less : Accumulated depreciation	123,363,000	115,140,000
	<u>174,984,000</u>	<u>144,493,000</u>
Timber limits and woods assets	43,310,000	41,807,000
Less : Accumulated depreciation and depletion	31,890,000	30,568,000
	<u>11,420,000</u>	<u>11,239,000</u>
Mining rights	250,000	250,000
	<u>\$186,654,000</u>	<u>\$155,982,000</u>

Additions to pulp and paper mill assets in 1967 include interest of \$620,000 on long-term debt and \$295,000 on bank loans which was incurred during the construction period of the new newsprint machine at Alma.



Note 6. Depreciation and Income Taxes

Income taxes charged against earnings are based on depreciation written off in the accounts, which is provided for at rates considered adequate to amortize the cost of fixed assets over their useful lives. However, as a result of claiming greater depreciation and other charges for tax purposes, income taxes payable for 1967 are \$7,454,000 less than the amount charged against earnings and this difference has been added to Deferred Income Taxes.

Due to a loss-carry-forward of Gaspesia Pulp and Paper Company Ltd., no income taxes were chargeable against that Company's earnings in 1967 and 1966 and, as a result, consolidated net earnings for those years have been increased by \$40,000 and \$295,000 respectively.

Note 7. Long-Term Debt

	1967	1966
The Price Company Limited—		
5¾% Sinking Fund Debentures, Series A, due 1982 (sinking fund requirements—\$1,200,000 annually 1969 to 1981)	\$19,500,000	\$19,500,000
5¾% Serial Debentures, Series A, due 1968	1,000,000	2,000,000
6¾% Sinking Fund Debentures, Series B, due 1987 (sinking fund requirements—\$1,300,000 annually 1970 to 1986)	30,000,000	—
Gaspesia Pulp and Paper Company Ltd.—		
5½% Sinking Fund Notes due 1985—\$18,890,000 U.S. (sinking fund requirements—\$1,110,000 U.S. annually 1969 to 1984)	20,375,000	20,375,000
6% Subordinated Sinking Fund Notes due 1986 —\$8,000,000 U.S. (sinking fund requirements —\$480,000 U.S. annually 1970 to 1985)	8,600,000	8,600,000
6% Junior Subordinated Debentures due 1987— \$2,000,000 U.S.	2,151,000	2,151,000
	<u>81,626,000</u>	<u>52,626,000</u>
Less: Amount due within one year	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$80,626,000</u>	<u>\$51,626,000</u>

Note 8. Capital Stock

Supplementary letters patent were obtained on 11th October 1967 to increase the Company's authorized share capital by 600,000 shares of 5.6% cumulative redeemable preferred stock.

Note 9. Employees Share Purchase Plan

Under the Price Group Employees Share Purchase Plan effective 1st May 1967, employees of the Price Group are permitted to purchase common shares of the capital stock of Price on an instalment basis by payroll deductions. Of 300,000 shares reserved under the Plan, subscriptions were outstanding at 31st December 1967 for 27,080 shares at \$11.62 per share. Subscribers have the right to cancel their subscriptions at any time up to 31st May 1968.

Note 10. Expenses of New Financing and Share-Exchange Offer

Consist of discount and expenses on sale of 6¼% Series B Sinking Fund Debentures, after income taxes, and cost of a conditional share-exchange offer made to shareholders of Fraser Companies, Limited which was subsequently withdrawn.

Note 11. Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company during the year ended 31st December 1967 was \$437,000.

Note 12. Capital Projects

Commitments—

An estimated \$11,300,000 will be required to complete approved capital projects.

Additional Major Projects—

Price is participating in a \$20,000,000 newsprint mill at De Ridder, Louisiana in equal partnership with Boise Cascade Corporation. Also, Price, with Weldwood of Canada Limited, has under consideration the construction of a kraft pulp mill at Quesnel, B.C.

Note 13. Material Contractual Obligations in Respect of Long-Term Leases

The Company is committed to future rentals aggregating \$2,915,000 in respect of vessels leased under charter agreements.

Note 14. Unfunded Pension Benefits

Based on the most recent independent actuarial reports, the single-sum liability for unfunded past-service pension benefits not provided for in the accounts at 31st December 1967 is estimated to be \$4,300,000. The actuarial reports also indicate that, at the current rate of the Company's contributions, the Pension Plan will be fully funded, in accordance with the Supplemental Pension Plans Act of Quebec, by 31st December 1990.



Note 15. Liability for Income Taxes

Price's U.S. sales subsidiary has been notified of proposed income tax assessments totalling approximately \$2,300,000 for the years 1963 to 1965, based principally on a reallocation of income and expense between the U.S. company and its Canadian affiliates. The proposed assessments, which in the opinion of U.S. counsel are excessive, are being protested with the Internal Revenue Service and are being discussed with the Canadian Department of National Revenue. It is not possible at this time to estimate what the ultimate U.S. tax liability might be, if any, nor to determine whether and to what extent it might result in refunds of Canadian tax to the parent or affiliated companies in Canada. Accordingly, no provision has been made in the accompanying accounts for the additional tax liability that might result for 1963 and subsequent years to date.

A subsidiary company, The MacLean Mining Company Limited, has under appeal before the Exchequer Court of Canada income tax assessments relating to mining income from its first three years of operation, 1963 to 1965. MacLean alleges that its mine in the vicinity of Buchans, Nfld. is a new mine and therefore exempt from tax for the said three years pursuant to Section 83 (5) of the Income Tax Act. The taxes in dispute, totalling approximately \$2,775,000, have been paid by MacLean and taken up as income tax expense in its accounts.

AUDITORS' REPORT

PRICE WATERHOUSE & CO.

5 PLACE VILLE MARIE
MONTREAL 2

8th February 1968

To the Shareholders, The Price Company Limited

We have examined the consolidated balance sheet of The Price Company Limited and Subsidiary Companies at 31st December 1967 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination of the financial statements of The Price Company Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Companies examined by us and the audited statements furnished to us, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of affairs of the Company and its Subsidiary Companies at 31st December 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.
Auditors

THE PRICE COMPANY LIMITED

AND SUBSIDIARY COMPANIES

HISTORICAL REVIEW 1962-1967

	1967	1966	1965	1964	1963	1962
Sales and Earnings: (\$'000's)						
Sales, less delivery expenses	\$142,448	\$143,569	\$127,436	\$125,777	\$109,811	\$101,728
Gain on foreign exchange	8,031	8,036	6,835	7,154	6,472	5,945
Cost of sales	122,024	121,547	108,859	105,369	96,388	88,663
Mining income	2,414	2,406	4,387	5,916	1,898	959
Investment income	1,066	1,155	1,114	780	723	368
Depreciation and depletion	10,369	10,073	9,754	9,103	6,413	5,851
Interest on long-term debt	3,574	2,742	2,597	2,716	2,384	343
Income taxes	8,597	9,395	7,355	10,030	7,129	7,430
Minority shareholders' interest	95	495	667	103	(743)	(464)
Net profit from operations	9,300	10,914	10,540	12,306	7,333	7,177
Net earnings	10,615	12,026	11,046	12,810	7,765	7,575
Cash flow	28,438	29,669	23,771	24,087	15,865	15,302
Financial Position: (\$'000's)						
Working capital	\$ 77,593	\$ 71,516	\$ 77,033	\$ 77,095	\$ 68,957	\$ 62,412
Net fixed assets	186,654	155,982	127,428	124,659	123,428	118,771
Expenditures on fixed assets	41,749	38,928	13,278	11,214	14,166	24,488
Long-term debt	80,626	51,626	41,875	46,409	46,778	40,381
Common shareholders' equity	164,598	162,326	157,883	153,518	146,215	144,965
Common shares outstanding (thousands of shares)*	9,533	9,533	9,533	9,533	9,533	9,533
Per Common Share:*						
Net profit from operations—						
Pulp and paper	\$ 0.79	\$ 0.96	\$ 0.78	\$ 0.86	\$ 0.61	\$ 0.67
Mining	0.17	0.17	0.31	0.41	0.14	0.07
Total	0.96	1.13	1.09	1.27	0.75	0.74
Net earnings	1.10	1.25	1.14	1.33	0.80	0.78
Cash flow	2.97	3.10	2.48	2.51	1.65	1.59
Dividend rate	0.75	0.75	0.67	0.67	0.67	0.67
Book value	17.27	17.03	16.56	16.10	15.34	15.21
Production:						
Newsprint —tons	884,000	875,000	795,000	790,000	662,000	689,000
Paperboard —tons	53,000	53,000	47,000	42,000	35,000	37,000
Kraft paper —tons	51,000	50,000	45,000	39,000	29,000	12,000
Market pulp—tons	11,000	59,000	66,000	68,000	85,000	76,000
Lumber —M f.b.m.	75,000	41,000	37,000	35,000	44,000	43,000

Notes: As Price (Nfld.) Pulp & Paper Limited and its subsidiaries were acquired on 30th April 1961, pre-1962 figures have been excluded from this Review as they are not directly comparable. With the passage of time, coverage will be extended to a full ten-year period.

*Figures for the years 1962 to 1965 have been adjusted to reflect the 3 for 1 subdivision of common shares in 1966.



MANUFACTURING AND MARKETING ORGANIZATION

The Price Company Limited *(incorporated in Quebec)*

Newsprint, paperboard, kraft pulp, kraft paper and lumber manufacturing
Head Office : 65 Ste. Anne Street, Quebec, P.Q.

Price (Nfld.) Pulp & Paper Limited *(incorporated in Newfoundland)*

Newsprint and unbleached sulphite pulp manufacturing
Head Office : Grand Falls, Newfoundland

Gaspesia Pulp and Paper Company Ltd. *(incorporated in Quebec)*

Newsprint manufacturing
Head Office : 65 Ste. Anne Street, Quebec, P.Q.

Price Paper Corporation *(incorporated in Delaware)*

Newsprint and market pulp sales
Head Office : 50 Rockefeller Plaza, New York, N.Y.
Branch Offices : 2055 Peel Street, Montreal, P.Q.
135 South LaSalle Street, Chicago, Illinois
2 Canal Street, New Orleans, Louisiana
Avda. Roque Saenz Pena 832, Buenos Aires, Argentina

Price Paper Limited *(incorporated in the United Kingdom)*

Newsprint, paperboard and kraft paper sales
Head Office : Blackfriars House, New Bridge Street, London, E.C. 4, England

Price Kraft and Paperboard Corporation *(incorporated in Quebec)*

Offices : 2055 Peel Street, Montreal, P.Q.
797 Don Mills Road, Don Mills, Ont.

Paperboard – Coated and Uncoated

Solid bleached and white lined boards for folding carton manufacture, and many specialties such as bottle cap board, closure cap boards and paper plate grades

Kraft Papers – Bleached and Unbleached

Wrappings, multiwall sack kraft, grocery bag and sack kraft, waxing, gumming, asphaltting and duplexing krafts, and other specialty grades for converting

Kraft Linerboard

Price Lumber Company Limited *(incorporated in Quebec)*

Spruce lumber, rough and dressed; pre-cut industrial stock
Head Office : 65 Ste. Anne Street, Quebec, P.Q.

Price Wilson Limited *(incorporated in Canada)*

3901 Jean Talon Street West, Montreal, P.Q.
Branches : Quebec, Montreal, Ottawa, Toronto, Kitchener, Hamilton, St. Thomas, Windsor, Winnipeg, Vancouver, Victoria
Representatives : St. John's, Nfld., Halifax, Sydney, Saint John, N.B., Saskatoon, Calgary, Edmonton

Distribution

Specialty wrapping and bags made of film, glassine, parchment or waxed paper. Wrapping krafts, bleached and unbleached. Paper food containers, trays and labels for prepackaging and for industrial and general use. Tapes and twines made of many materials, for all purposes. Toilet tissues and paper napkins for industry. Washroom and maintenance supplies for business and industrial use. Polypropylene strapping

Manufacturing

A complete range of grocery, notion, millinery, bread, shoe, hardware, bottle and potato bags. Paper towels in both rolls and sheets. A complete service in the design and manufacturing of folding cartons essential to modern merchandising

PRICE FINE ARTS AWARD PAINTINGS

PEINTURES PRIMÉES AU CONCOURS DES BEAUX-ARTS PRICE



"East Wind" Bruce Le Dain



"Downhill Run" Oswald Schenk



"The Passing Canadian Village" Fred Savard



"The River Sweep" George Rae



La Compagnie Price Limitée (*compagnie provinciale de Québec*)
Manufacturiers de papier journal, carton, pâte kraft, papier kraft et bois d'oeuvre
Siège social : 65, rue Ste-Anne, Québec, Qué.

Price (Nfld.) Pulp & Paper Limited (*compagnie provinciale de Terre-Neuve*)
Manufacturiers de papier journal et de pâte au bisulfite écrue
Siège social : Grand Falls, Terre-Neuve

La Compagnie Gaspesia Limitée (*compagnie provinciale de Québec*)
Manufacturiers de papier journal
Siège social : 65, rue Ste-Anne, Québec, Qué.

Price Paper Corporation (*compagnie de l'état du Delaware*)
Vente de papier journal et de pâte commerciale
Siège social : 50 Rockefeller Plaza, New York, N.Y.
Sucursales : 2055, rue Peel, Montréal, Qué.
135 South LaSalle Street, Chicago, Illinois
2 Canal Street, New Orleans, Louisiana
Avda. Roque Saenz Pena 832, Buenos Aires, Argentina

Price Paper Limited (*compagnie du Royaume-Uni*)
Vente de papier journal, carton et papier kraft
Siège social : Blackfriars House, New Bridge Street, London, E.C. 4, England

La Compagnie des Papiers Kraft et Cartons Price (*compagnie provinciale de Québec*)
Bureaux : 2055, rue Peel, Montréal, Qué.
797 Don Mills Road, Don Mills, Ont.

Carton – ordinaire ou couché
Carton blanchi rigide et carton doublé blanc pour carton pliant et plusieurs autres spécialités
telles que carton pour capsules, couvercles et assiettes

Papier kraft – écru et blanchi
Kraft pour emballages et pour sacs à parois multiples, kraft pour sacs d'épicerie, kraft à paraffiner, à gommer, à bitumer, kraft duplex et spécialités pour transformation

Carton kraft – de revêtement

La Compagnie de Bois Price Limitée (*compagnie provinciale de Québec*)
Bois d'oeuvre d'épinette, brut et plané — débité pour l'industrie
Siège social : 65, rue Ste-Anne, Québec, Qué.

Price Wilson Limitée (*compagnie fédérale du Canada*)
3901 ouest, rue Jean-Talon, Montréal, Qué.
Sucursales : Québec, Montréal, Ottawa, Toronto, Kitchener, Hamilton, St-Thomas, Windsor, Winnipeg, Vancouver, Victoria
Représentants : Saint-Jean, T.-N., Halifax, Sydney, Saint-Jean, N.-B., Saskatoon, Calgary, Edmonton

Distribution
Emballages spéciaux et sacs faits de film, de papier cristal, de papier parchemin ou ciré.
Kraft d'emballage, écru et blanchi. Récipients en papier pour aliments, plateaux et étiquettes pour emballages préfabriqués et pour usage industriel et autres. Rubans et ficelles de toutes sortes et pour tout usage. Papier hygiénique et serviettes de papier pour fins industrielles. Fournitures pour toilettes et pour l'entretien d'immeubles commerciaux et industriels. Rubans de polypropylène

Fabrication

Un assortiment complet de sacs pour épicerie, boulangerie, mercerie, chapellerie, cordonnerie et quincaillerie; sacs à bouteilles et à pommes de terre. Essuie-mains de papier soit en rouleaux soit en feuilles. Un service complet pour le dessin et la fabrication de cartons pliants répondant aux exigences actuelles du marché

1967	1966	1965	1964	1963	1962
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Ventes et revenus :					
(en milliers de dollars)					
Ventes, moins frais d'expédition	\$142,448	\$143,569	\$127,436	\$125,777	\$109,811
Gain sur change étranger	8,031	8,036	6,835	7,154	6,472
Prix de revient des produits vendus	122,024	121,547	108,859	105,369	96,388
Revenus des mines	2,414	2,406	4,387	5,916	1,898
Revenus des placements	1,066	1,155	1,114	780	723
Amortissement et épuisement	10,369	10,073	9,754	9,103	6,413
Intérêt sur dette à long terme	3,574	2,742	2,597	2,716	2,384
Impôts sur le revenu	8,597	9,395	7,355	10,030	7,129
Intérêt des actionnaires minoritaires	95	495	667	103	(743)
Profit net d'exploitation	9,300	10,914	10,540	12,306	7,333
Revenu net	10,615	12,026	11,046	12,810	7,765
Revenu net en termes de fonds de roulement	28,438	29,669	23,771	24,087	15,865

Situation financière :					
(en milliers de dollars)					
Fonds de roulement	\$ 77,593	\$ 71,516	\$ 77,033	\$ 77,095	\$ 68,957
Immobilitations nettes	186,654	155,982	127,428	124,659	123,428
Dépenses en immobilisations	41,749	38,928	13,278	11,214	14,166
Dette à long terme	80,626	51,626	41,875	46,409	46,778
Avoir des actionnaires ordinaires	164,598	162,326	157,883	153,518	146,215
Actions ordinaires en circulation	9,533	9,533	9,533	9,533	9,533

Par action ordinaire :* (en milliers d'actions) *					
Profit net d'exploitation—	\$ 0.79	\$ 0.96	\$ 0.78	\$ 0.86	\$ 0.61
Pâtes et papiers	0.17	0.17	0.31	0.41	0.14
Mines	0.96	1.13	1.09	1.27	0.75
Total	1.10	1.25	1.14	1.33	0.80
Revenu net en termes de fonds de roulement	2.97	3.10	2.48	2.51	1.65
Dividendes	0.75	0.75	0.67	0.67	0.67
Revenu net	17.27	17.03	16.56	16.10	15.34
Bois d'oeuvre —M. p.m.p.	884,000	875,000	795,000	790,000	662,000
Papier journal —tonnes	53,000	53,000	47,000	42,000	35,000
Carton —tonnes	51,000	50,000	45,000	39,000	29,000
Papier kraft —tonnes	11,000	59,000	66,000	68,000	85,000
Pâte commerciale—tonnes	75,000	41,000	37,000	35,000	44,000
Bois d'oeuvre —M. p.m.p.	43,000	37,000	37,000	35,000	44,000

Notes : Attendu que la compagnie Price (Nfld.) Pulp & Paper Limited et ses filiales furent acquises le 30 avril 1961, les chiffres antérieurs à 1962 ont été omis de la présente revue puisqu'ils ne se prêtent pas à un état comparatif direct. Le temps venu, la revue s'étendra à une détermination complète.

*Les chiffres pour les années 1962 à 1965 ont été ajustés en fonction de la subdivision de 3 pour 1 des actions ordinaires en 1966.



Note 15. Passif pour impôts sur le revenu

La filiale américaine de vente de Price a été avisée de cotisations d'impôts sur le revenu proposées pour une somme totale d'environ \$2,300,000 et portant sur les exercices 1963 à 1965. Ces cotisations proposées seraient principalement basées sur une ré-attribution de revenus et de dépenses entre la compagnie américaine et ses compagnies affiliées au Canada. Ces cotisations, qui de l'avis de conseillers américains sont excessives, sont l'objet d'une protestation auprès du Internal Revenue Service et sont, par ailleurs, sous discussion avec le Ministère du revenu national du Canada. Il n'est pas possible, à ce stade, d'évaluer le montant ultime d'impôts américains, s'il en est, qui pourrait devenir exigible non plus que d'établir si et dans quelle mesure il pourrait en résulter un remboursement d'impôts canadiens à la compagnie mère ou aux compagnies affiliées au Canada. En conséquence, aucune provision n'a été faite dans les comptes ci-joints pour le passif additionnel d'impôts qui pourrait résulter pour 1963 et les exercices subséquents jusqu'à ce jour.

Une filiale, The MacLean Mining Company Limited, en a appelé à la Cour d'Échiquier du Canada des cotisations portant sur les revenus miniers de ses trois premiers exercices d'exploitation, soit les années 1963 à 1965. MacLean prétend que sa mine à proximité de Buchans, Terre-Neuve est une nouvelle mine et qu'en conséquence elle devrait bénéficier de l'exemption des impôts sur le revenu pour ces trois exercices, conformément à l'article 83 (5) de la Loi de l'impôt sur le revenu. Le montant des impôts en litige, s'établissant à \$2,775,000 environ, a été payé par MacLean et a été porté en comptes à titre de dépense d'impôts.

RAPPORT DES VÉRIFICATEURS

PRICE WATERHOUSE & CO.

5 PLACE VILLÉ-MARIE
MONTREAL 2
le 8 février 1968

Aux Actionnaires de La Compagnie Price Limitée

Nous avons examiné le bilan consolidé de La Compagnie Price Limitée et ses filiales au 31 décembre 1967 et les états consolidés de revenus, de revenus réinvestis et de provenance et d'emploi des fonds 1967 et les états clos à cette date et nous avons obtenu tous les renseignements et explications demandés. Notre examen des états financiers de La Compagnie Price Limitée et des filiales dont nous sommes les vérificateurs a comporté une revue générale des procédés comptables et les sondages des livres et pièces comptables et autres preuves à l'appui que nous avons jugés nécessaires dans les circonstances. Nous avons accepté les rapports des vérificateurs qui ont examiné les états financiers des autres filiales.

A notre avis, du mieux que nous avons pu nous en rendre compte par les renseignements et explications qui nous ont été fournis et d'après ce qu'indiquent les livres des compagnies que nous avons vérifiées et les états financiers vérifiés que nous avons reçus, ces états financiers consolidés sont établis correctement de façon à faire ressortir avec fidélité et exactitude l'état des affaires de la compagnie et ses filiales au 31 décembre 1967 ainsi que les résultats de leurs opérations de même que la provenance et l'emploi de leurs fonds pour l'exercice clos à cette date, conformément aux principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent.

Price Waterhouse & Co.
Vérificateurs

Note 9. Plan d'achat d'actions des employés

En vertu du Plan d'achat d'actions au bénéfice des employés du groupe Price et mis en vigueur le 1^{er} mai 1967, les employés du groupe Price peuvent acheter des actions ordinaires du capital-actions de Price au moyen de versements prélevés sur les salaires. Sur 300,000 actions réservées en vertu du Plan, des souscriptions portant sur 27,080 actions au prix de \$11.62 l'action étaient en cours au 31 décembre 1967. Le souscripteur a le droit d'annuler sa souscription en tout temps jusqu'au 31 mai 1968.

Note 10. Dépenses relatives à un nouveau financement et à une offre d'échange d'actions
Ce poste est constitué de l'escompte et des dépenses encourues à l'émission des obligations amortissables, 6¼%, série B, après avoir pourvu aux impôts sur le revenu. Il comprend aussi le coût d'une offre conditionnelle d'échange d'actions faite aux actionnaires de Fraser Companies, Limited laquelle fut retirée par la suite.

Note 11. Rémunération des administrateurs et des cadres supérieurs

La rémunération directe totale versée par la compagnie et ses filiales aux administrateurs et aux membres des cadres supérieurs de la compagnie pour l'exercice clos le 31 décembre 1967, s'est élevée à \$437,000.

Note 12. Projets de dépenses en immobilisations

Engagements—
Un montant estimatif de \$11,300,000 sera requis pour parachever les projets approuvés de dépenses en immobilisations.

Projets additionnels d'importance—

Price et Boise Cascade Corporation, à participations égales, sont à construire une usine à papier journal à De Ridder, Louisiane, à un coût de \$20,000,000. De plus, Price avec Weidwood of Canada Limited étudient la possibilité de construire une usine de pâte kraft à Quesnel, C.-B.

Note 13. Engagements contractuels d'importance découlant de baux à long terme

La compagnie est engagée, en vertu de contrats d'affrètement de navires, à des dépenses futures de loyer se totalisant à \$2,915,000.

Note 14. Prestations de retraite non pourvues

Selon les expertises actuarielles les plus récentes, le passif au titre des prestations de retraite non pourvues pour services passés est, sur la base d'un versement unique, estimé à \$4,300,000 au 31 décembre 1967. Les expertises actuarielles indiquent de plus qu'au rythme actuel des contributions de la compagnie et conformément aux Régimes supplémentaires de rentes du Québec, la caisse de retraite sera entièrement pourvue d'ici le 31 décembre 1990.



Note 6. Amortissement et impôts sur le revenu

Le montant des impôts sur le revenu inscrit à l'état des revenus a été calculé d'après l'amortissement porté aux livres, lequel a été pratiqué à des taux jugés suffisants pour amortir le coût des immobilisations sur la durée de leur vie utile. Étant donné que pour fins fiscales l'on réclame un amortissement qui est supérieur, de même que d'autres charges, le montant des impôts sur le revenu à payer pour l'année 1967 est de \$7,454,000 inférieur au montant des impôts imputés aux revenus. La différence qui en résulte fut ajoutée aux impôts sur le revenu différés.

Par suite d'un report de pertes pour fins fiscales, aucun impôt sur le revenu n'a été imputé aux revenus de La Compagnie Gaspésia Limitée pour 1967 et 1966 et, par voie de conséquence, le revenu net consolidé pour ces exercices s'en est trouvé augmenté de \$40,000 et \$295,000 respectivement.

Note 7. Dette à long terme

	1967	1966
La Compagnie Price Limitée—		
Obligations amortissables, 5½%, 1982, série A, (exigibilité annuelle—\$1,200,000 de 1969 à 1981)	\$ 19,500,000	\$ 19,500,000
Obligations, 5½%, série A, remboursables en séries exigibles en 1968	1,000,000	2,000,000
Obligations amortissables, 6½%, 1987, série B, (exigibilité annuelle—\$1,300,000 de 1970 à 1986)	30,000,000	—
La Compagnie Gaspésia Limitée—		
Billets amortissables, 5½%, exigibles en 1985—\$18,890,000 (É-U) (exigibilité annuelle—\$1,110,000 (É-U) de 1969 à 1984)	20,375,000	20,375,000
Billets subordonnés amortissables, 6%, exigibles en 1986—\$8,000,000 (É-U) (exigibilité annuelle—\$480,000 (É-U) de 1970 à 1985)	8,600,000	8,600,000
Obligations subordonnées en sous-ordre, 6%, exigibles en 1987—\$2,000,000 (É-U)	2,151,000	2,151,000
Moins : Montant exigible dans l'année	81,626,000	52,626,000
	<u>\$ 80,626,000</u>	<u>\$ 51,626,000</u>

Note 8. Capital-actions

Le 11 octobre 1967, la compagnie a obtenu des lettres patentes supplémentaires augmentant son capital-actions autorisé par la création de 600,000 actions privilégiées rachetables, 5.6% cumulatif.

NOTES
AUX ETATS
FINANCIERS

Note 1. Conversion des monnaies étrangères

Les soldes et les transactions en monnaies étrangères ont été convertis en dollars canadiens de la façon suivante :
Bilan—disponibilités et exigibilités, aux taux de change en vigueur au 31 décembre ; la dette à long terme, aux taux en vigueur au moment où la dette a été encourue.
Etat des revenus—aux taux de change moyens en vigueur au cours de l'exercice.

Note 2. Stocks

	1967	1966
Produits finis	\$ 15,401,000	\$ 11,886,000
Bois à pâte et bois de sciage	14,109,000	12,169,000
Dépenses relatives aux opérations forestières en cours	17,701,000	14,462,000
Matériaux et fournitures d'exploitation	10,753,000	9,229,000
	<u>\$ 57,964,000</u>	<u>\$ 47,746,000</u>

Note 3. Frais différés

Ces frais comprennent les dépenses antérieures à la production et les dépenses de mise en marche au montant de \$1,404,000 de nouvelles machines à papier journal. Ces dépenses seront amorties au cours des cinq premières années d'opérations commerciales.

Note 4. Placements

Actions négociables (valeur du marché \$6,675,000)	\$ 5,237,000	\$ 6,062,000
Autres placements	1,457,000	1,542,000
	<u>\$ 6,694,000</u>	<u>\$ 7,604,000</u>

Note 5. Immobilisations

Usines de pâte et papier, équipement de transformation et scieries	\$254,666,000	\$216,461,000
Concessions et aménagements de forces hydrauliques	43,681,000	43,172,000
Moins : Amortissement accumulé	<u>298,347,000</u>	<u>259,633,000</u>
	123,363,000	115,140,000
Concessions forestières et actif en forêt	43,310,000	41,807,000
Moins : Amortissement et épuisement accumulés	<u>31,890,000</u>	<u>30,568,000</u>
	11,420,000	11,239,000
Droits miniers	<u>250,000</u>	<u>250,000</u>
	<u>\$186,654,000</u>	<u>\$155,982,000</u>

Les additions en immobilisations aux usines de pâte et papier au cours de 1967 comprennent des intérêts de \$620,000 sur la dette à long terme et de \$295,000 sur des emprunts bancaires, lesquels frais d'intérêt ont été encourus au cours de la période de construction de la nouvelle machine à papier journal à Alma.



Passif		
Exigibilités :		
Emprunts bancaires (garantis)	\$ —	\$ 7,568,000
Comptes à payer et passif couru	16,919,000	14,639,000
Dividendes à payer	1,864,000	1,864,000
Impôts sur le revenu et autres taxes à payer	2,879,000	3,515,000
Dettes à long terme échéant au cours de l'exercice suivant (note 7)	1,000,000	1,000,000
Impôts sur le revenu différés (note 6)	22,662,000	28,586,000
Dettes à long terme (note 7)	25,229,000	17,775,000
Intérêt des actionnaires minoritaires dans les filiales	80,626,000	51,626,000
Avoir des actionnaires :	4,033,000	3,953,000
Actions privilégiées rachetables, 4% cumulatif, d'une valeur au pair de \$100 (rachetables à \$101) —		
Autorisées et émises—50,000 actions, moins 12,500 actions rachetées	3,750,000	3,750,000
Actions privilégiées rachetables, 5.6% cumulatif, d'une valeur au pair de \$100 (rachetables à \$110) —		
Autorisées mais non émises—600,000 actions (note 8)	—	—
Actions ordinaires sans valeur nominale ou au pair—		
Autorisées—15,000,000 d'actions ; émises—9,532,632 actions (note 9)	76,972,000	76,972,000
Revenus réinvestis	87,626,000	85,354,000
	168,348,000	166,076,000
	\$300,898,000	\$268,016,000

1967

1966

1966	1967	
		Actif
		Disponibilités :
\$ 4,560,000	\$ 4,281,000	Encaisse
12,233,000	3,013,000	Placements à court terme, au prix coûtant (valeur du marché \$3,013,000)
33,983,000	33,925,000	Comptes à recevoir
47,746,000	57,964,000	Stocks, évalués au plus bas du prix coûtant ou du prix du marché (note 2)
1,580,000	1,072,000	Dépenses payées d'avance
100,102,000	100,255,000	Frais différés (note 3)
—	1,698,000	Sommes à recevoir non exigibles à court terme
4,328,000	5,597,000	Placements (note 4)
7,604,000	6,694,000	Immobilitisations (note 5) :
		Immeubles, usines, machinerie et outillage,
		concessions forestières et droits miniers,
		au prix coûtant
301,690,000	341,907,000	Moins : Amortissement et épuisement accumulés
145,708,000	155,253,000	
155,982,000	186,654,000	
\$268,016,000	\$300,898,000	

Approuvé au nom du conseil d'administration
T. R. Moore } Administrateurs
Guy Hudon }



**ÉTAT CONSOLIDÉ
DE PROVENANCE
ET D'EMPLOI
DES FONDS**
Exercice finis
le 31 décembre

Provenance des fonds :		
Revenu net	\$ 10,615,000	1967
Amortissement et épuisement (note 6)	10,369,000	1966
Impôts sur le revenu différés (note 6)	7,454,000	
Revenu net en termes de fonds de roulement	28,438,000	
Augmentation de la dette à long terme (note 7)	29,000,000	
Diminution des placements (note 4)	910,000	
Divers	80,000	
	58,428,000	
Emploi des fonds :		
Augmentation nette des immobilisations (note 5)	41,041,000	
Dividendes	7,300,000	
Frais différés (note 3)	1,698,000	
Augmentation des sommes à recevoir non exigibles à court terme	1,269,000	
Dépenses relatives à un nouveau financement et à une offre d'échange d'actions (note 10)	1,043,000	
	52,351,000	
Augmentation (diminution) du fonds de roulement au début de l'exercice	6,077,000	
Fonds de roulement à la fin de l'exercice	71,516,000	
	\$ 77,593,000	
	47,071,000	
	—	
	861,000	
	—	
	38,627,000	
	7,583,000	
	—	
	41,554,000	

ÉTAT CONSOLIDÉ
DES REVENUS
Exercice clos
le 31 décembre

Ventes, moins frais d'expédition	\$142,448,000	\$143,569,000
Gain sur change étranger	8,031,000	8,036,000
Revenus des mines	2,414,000	2,406,000

ÉTAT CONSOLIDÉ
DES REVENUS
RÉINVESTIS
le 31 décembre

Revenus réinvestis au cours des exercices antérieurs	\$ 85,354,000	\$ 80,911,000
Revenu net de l'exercice	10,615,000	12,026,000
Dépenses relatives à un nouveau financement et à une offre d'échange d'actions (note 10)	1,043,000	—
Dividendes sur—actions privilégiées, 4%	150,000	155,000
—actions ordinaires	7,150,000	7,428,000
Revenus réinvestis au 31 décembre	\$ 87,626,000	\$ 85,354,000

Revenu net

Prix de revient des produits vendus, y compris les frais de vente et d'administration	122,024,000	121,547,000
Revenus de placements	30,869,000	32,464,000
Amortissement et épuisement (note 6)	10,369,000	10,073,000
Intérêt sur la dette à long terme (note 5)	3,574,000	2,742,000
Profit avant impôts sur le revenu et intérêt des actionnaires minoritaires	17,992,000	20,804,000
Impôts sur le revenu (note 6)	8,597,000	9,395,000
Intérêt des actionnaires minoritaires	95,000	495,000
Profit net d'exploitation	9,300,000	10,914,000
Profit sur ventes de placements et d'immobilisations	1,315,000	1,112,000
Revenu net	\$ 10,615,000	\$ 12,026,000

ce que le bénéfice net d'exploitation soit plus élevé que pour 1967. D'autres améliorations des résultats sont à prévoir pour 1969 et 1970, comme conséquence de l'augmentation de la consommation et de la mise en exploitation de nouvelles installations.

Une grande entreprise, c'est avant tout un groupe de personnes qui travaillent ensemble. Son succès dépend du dynamisme et de l'enthousiasme de ses employés. Pricé a accompli

le 26 février 1968

Québec, Qué.

T. R. Moore
Le président,

Soumis au nom du conseil d'administration,

des progrès importants en 1967, et le conseil d'administration désire remercier le personnel, tant féminin que masculin, de son ardeur au travail, et le féliciter de la compétence dont il a fait preuve.

PRINCIPES COMPTABLES

Les états financiers consolidés de Pricé sont préparés conformément aux principes comptables généralement reconnus et comprennent les comptes de toutes les filiales, après avoir pourvu à l'intérêt des actionnaires minoritaires.

Évaluation des stocks — Les stocks sont évalués au plus bas de leur coût ou du prix du marché. En général, cela veut dire que les stocks en mains sont inscrits au coût moyen, lequel est moindre que la valeur du marché.

Immobilisations et amortissement — Les immobilisations sont inscrites au coût et l'amortissement porté aux livres est pratiqué à des taux jugés suffisants pour amortir le coût des immobilisations sur la durée de leur vie utile. Les principaux taux d'amortissement utilisés sont les suivants : immobilisations aux usines de papier acquises après 1963, et équipement de production du papier kraft et des cartons — 5% d'après la méthode de la ligne droite ; immobilisations aux usines de papier acquises avant la fin de 1963 — 10% sur le solde résiduel ; actif en forêt — 30% sur le solde résiduel. Du total des immobilisations présentement en opération à nos usines, 56% sont l'objet d'un amortissement d'après la méthode du solde résiduel et 44% d'après la méthode de l'amortissement en ligne droite. Aucun amortissement n'est pratiqué sur toute nouvelle immobilisation d'importance avant que les opérations commerciales n'aient débuté.

Impôts sur le revenu — Afin de réduire les impôts à payer à un montant minimum, le montant de l'amortissement ainsi que de certains autres frais réclamés pour fins fiscales excède le montant des amortissements correspondants portés aux livres. Dans ces circonstances, le montant des impôts sur le revenu inscrit à l'état des revenus est calculé d'après l'amortissement porté aux livres et la réduction correspondante des impôts sur le revenu autrement payables est accumulée au bilan à titre d'impôts sur le revenu différés. Ces crédits différés seront disponibles aux fins de réduire le montant des impôts sur le revenu imputables aux exercices futurs si les amortissements et autres charges portés aux comptes devaient excéder les montants alloués pour fins fiscales.

Disposition d'actifs — Bien qu'une compagnie active modifie fréquemment ses placements ou se départit d'actifs immobilisés usagés, ces transactions ne suivent pas un plan défini. Par conséquent, c'est la pratique de la compagnie Pricé de dégaier à l'état des revenus le profit net des opérations régulières avant de tenir compte du profit ou de la perte sur les ventes de placements et d'immobilisations.

Continuité — Les comptes sont préparés sur une base conforme à celle suivie pour les exercices précédents, sauf pour des changements occasionnels effectués afin de tirer profit de pratiques comptables améliorées. Tout changement significatif est dûment noté.



La fabrique de boîtes pliantes à Lachute

eux améliorèrent leurs résultats en 1968, il est peu probable que la plupart y réussissent. Il est certain que les mises de fonds nécessaires par les immobilisations de l'industrie des pâtes et papiers seront moins élevées qu'en 1967. Heureusement, l'activité économique des États-Unis, le client le plus important de l'industrie canadienne des pâtes et papiers, était toujours dynamique en fin d'année, après avoir établi un record de 82 mois sans récession, et ses perspectives pour 1968 sont bonnes. De toute façon, il est peu probable que les usines canadiennes réduisent sensiblement leur capacité de réserve, et l'on prévoit que, dans le secteur du papier journal, le taux d'utilisation des installations sera d'environ 85%.

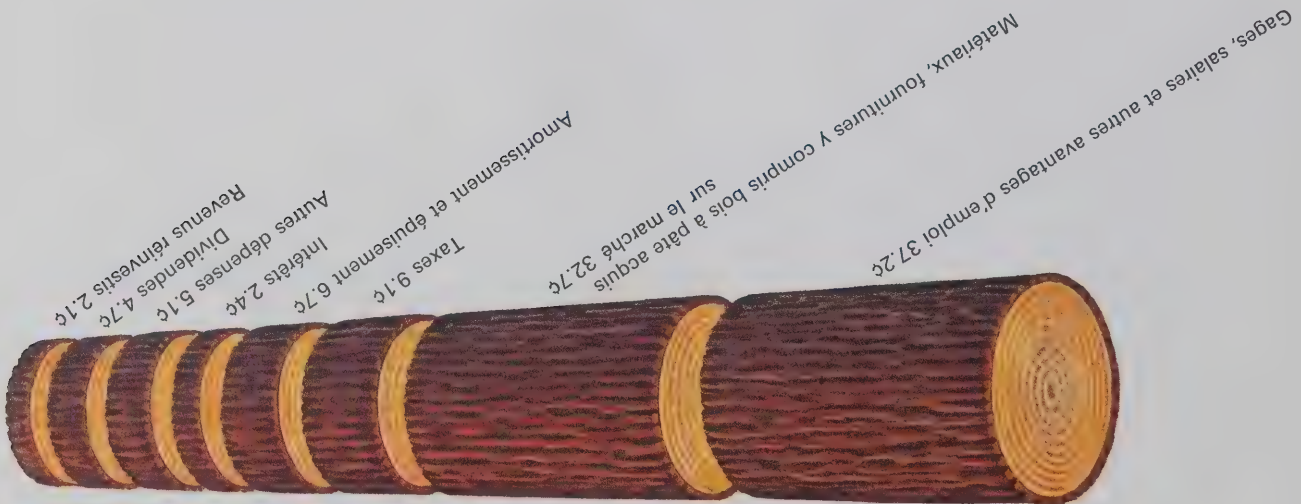
Il faut tenir compte du fait que la capacité disant excédentaire de l'industrie des pâtes et papiers est en réalité inhérente à son mode d'existence. Le producteur doit toujours être en mesure de fournir au client la quantité de papier dont celui-ci peut avoir besoin. Or, étant donné la très grande dimension des unités de production de notre industrie, il serait impossible de faire face à une brusque augmentation de la demande si nous ne disposions pas d'une certaine capacité de réserve. En effet, la capacité mondiale de réserve de production

Perspectives du groupe Price

clients.

de papier journal a dépassé le million de tonnes pour plus de 70 pour cent des quarante dernières années, exception faite de la Seconde Guerre mondiale. Les dépenses qu'exige le maintien de cette capacité de réserve, qui représente des investissements s'élevant à des centaines de millions de dollars, comptent parmi les frais essentiels de l'industrie des pâtes et papiers et doivent être considérées comme tels et par les fabricants et par leurs

Grâce à la mise en activité, l'été prochain, de la troisième de ses nouvelles machines à papier journal, la capacité de production de Price dans ce secteur atteindra en 1968 un chiffre record de près de 1,000,000 de tonnes. La situation de la compagnie au point de vue des commandes de papier journal est excellente, et l'on peut prévoir qu'elle justifiera encore un degré élevé d'utilisation des installations. On s'attend à ce que le revenu global des ventes du groupe Price augmente d'environ 7 à 10%, comparé à 1967. Cette augmentation devrait compenser amplement la hausse des frais d'exploitation, de sorte qu'avec l'amélioration prévue du revenu des exploitations minières, on peut s'attendre à



Le concours de Beaux-Arts Price

Le concours de Beaux-Arts Price a été institué en 1965 pour encourager les artistes commerciaux canadiens à perfectionner leurs talents artistiques. Depuis l'établissement de ce concours, il y a trois ans, le nombre des participants est passé de 100 à 350 et il constitue un groupe remarquablement représentatif des artistes commerciaux de tout le pays. Les lauréats 1967 ont été choisis par un jury composé de personnages de marque et présidé par M. David Carter, le directeur du Musée des Beaux-Arts de Montréal. Les peintures soumises ont été exposées dans les principaux centres de tout le Canada. Price a l'intention de continuer à patronner ce concours annuel qui contribuera à mieux faire connaître les nombreux artistes talentueux qui exercent leur activité dans l'industrie des arts graphiques. Certaines des œuvres primées jusqu'ici sont reproduites au centre de ce rapport. La compagnie reçoit présentement les inscriptions au concours 1968 dont les lauréats seront proclamés en avril.

Perspectives de l'industrie des pâtes

Depuis le début de 1968, l'industrie canadienne des pâtes et papiers fait face à une capacité mondiale excédentaire de papier journal et d'autres produits de pâtes et papiers; la concurrence demeurera très vive sur les marchés internationaux. C'est cette situation qui a entraîné en 1967 la diminution des bénéfices de la plupart des producteurs à comparer à 1966; bien que l'on s'attende à ce que certains d'entre

douze heures par jour et sept jours par semaine, pendant toute la durée de l'Expo, il a reçu près d'un million de visiteurs, sans compter le grand nombre de personnes que l'on a dû refuser. Ce pavillon, ainsi que les présentations pleines d'imagination de son théâtre audio-visuel et de "Labo 67", semblent avoir intéressé particulièrement les jeunes et suscité beaucoup d'intérêt pour l'industrie des pâtes et papiers. D'autre part, les contributions particulières de Price à la célébration du Centenaire ont également connu le plus vif succès. Outre ses dons pour l'établissement d'un centre récréatif à Chandler et d'une piscine de natation à Grand Falls, la principale contribution de Price à la célébration du Centenaire a été un voyage à l'Expo pour cinq cents enfants d'employés habitant à une distance raisonnable de Montréal, voyage dont toutes les dépenses ont été payées par la compagnie. Ces enfants, dont les noms ont été tirés au sort parmi les 1,800 qui ont été mandés à faire le voyage, étaient accompagnés de moniteurs-instituteurs (un par groupe de dix) ainsi que d'infirmières. Les nombreuses lettres de remerciements que la compagnie a reçues de ces jeunes montrent bien que leur visite à l'Expo a laissé dans leur esprit des souvenirs beaucoup plus durables que les objets qu'ils ont pu en rapporter. Leur conduite exemplaire a fait mentir certaines critiques de la jeunesse d'aujourd'hui; elle leur a valu les éloges et du personnel et des autres visiteurs de l'Expo. Ils ont vraiment fait honneur à la compagnie qui a patronné leur voyage ainsi qu'aux employés de Price qui sont leurs parents.



Re-bobinage d'une génératrice à Grand Falls

auxiliaire, mais on a prévu la mise sur pied d'une deuxième machine. Cette entreprise marque le début des deux compagnies dans la fabrication du papier journal aux États-Unis; c'est aussi, dans ce domaine, la première entreprise en participation dans laquelle un producteur canadien a un intérêt aux États-Unis. Price et Boise Cascade seront propriétaires à parts égales de la nouvelle usine et chacune aura la responsabilité de la vente de la moitié de la pro-

Dépenses en immobilisations—1967

Travaux de construction des nouvelles machines à papier
journal à Alma, Grand Falls et Chandler
Parachèvement d'une nouvelle chaudière à vapeur et d'un
nouveau turbo-générateur à Kénogami
Modernisation générale et remplacement d'installations en usines
Immobilisations pour l'exploitation forestière

\$28,377,000
2,542,000
9,209,000
1,621,000
\$41,749,000

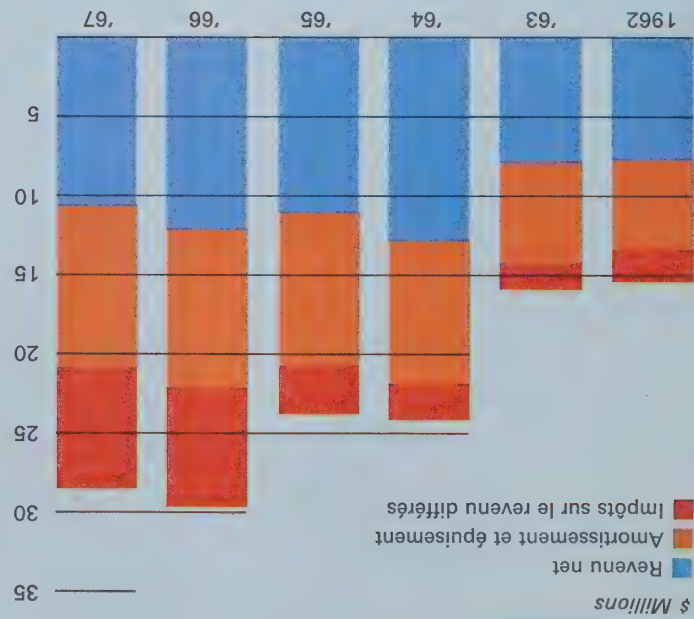
Le Centenaire de la Confédération
A son titre de membre de l'Association canadienne des producteurs de pâtes et papiers, Price a copatronné le pavillon des pâtes et papiers à l'Expo 67. Ce pavillon est l'un de ceux qui ont remporté le plus grand succès à cette exposition universelle et internationale. Ouvert

de produits.
d'étudier d'autres moyens de réaliser la diversification de produits.
papier de pâte mécanique. Cette offre fut subéquemment retirée et Price continue d'étudier d'autres moyens de réaliser la diversification de produits.
Fraser Companies, Limited, dans le cadre d'un programme de diversification visant à la production de papiers commerciaux ainsi que de papiers de pâte mécanique. Cette offre fut subéquemment retirée et Price continue d'étudier d'autres moyens de réaliser la diversification de produits.

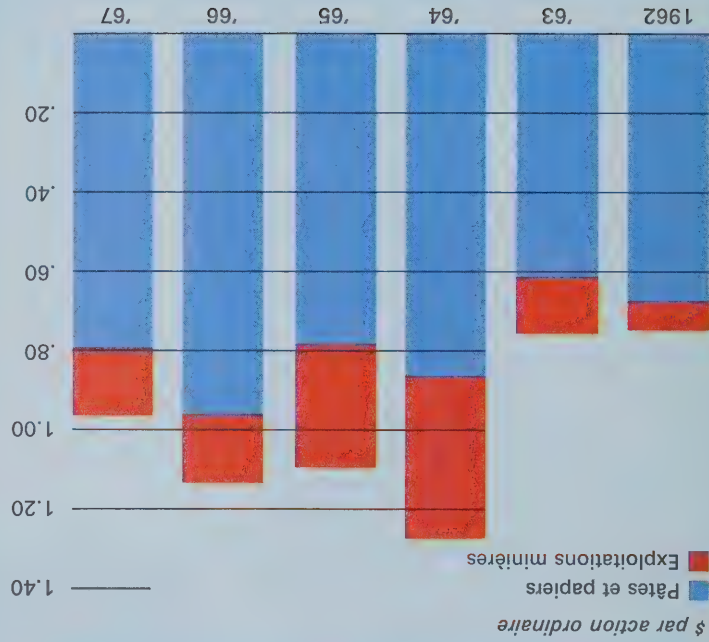
Constitution du capital
A une assemblée générale spéciale tenue en octobre 1967, les actionnaires ont approuvé une augmentation du capital autorisé de la compagnie par la création de 600,000 actions privilégiées rachetables au dividende cumulé de 5.6% et d'une valeur au pair de \$1.00 chacune. L'objet de cette création d'actions était de permettre à la compagnie de soumettre une offre conditionnelle pour l'achat des actions de Fraser Companies, Limited, dans le cadre d'un programme de diversification visant à la production de papiers commerciaux ainsi que de papiers de pâte mécanique. Cette offre fut subéquemment retirée et Price continue d'étudier d'autres moyens de réaliser la diversification de produits.

duction. On s'attend à ce que les travaux de construction commencent en 1968.

REVENU NET EN TERMES DE FONDS



PROVENANCE DU PROFIT NET D'EXPLOITATION



entrepris par Price en 1961 était presque terminée à la fin de 1967. Au début de l'année, le sécheur ultra-rapide à pâte kraft de l'usine Jonquière et la scierie Shishaw ont commencé leurs opérations commerciales. À l'automne, la mise sur pied de la première des trois machines à papier journal dont Price avait entrepris la construction fut terminée. La machine ainsi installée à Alma fonctionne maintenant à un rythme égal à celui des machines à papier journal les plus rapides du Canada. Une deuxième nouvelle machine, installée à Grand Falls, a été terminée au début de 1968. La troisième est encore en construction à Chandler; son achèvement et sa mise en activité sont prévus pour l'été de 1968. Les sommes inscrites au budget pour ces trois machines s'élevaient, au total, à quelque \$55,000,000 et l'on ne prévoit pas que cette somme soit dépassée. Les immobilisations, au total de \$41,749,000, effectuées en 1967, sont analysées au tableau de la page 8, pour chacune des affectations principales; ce montant comprend une somme de \$915,000 versée en intérêts au cours de la construction. Les frais antérieurs à la production et de mise en marche, qui se chiffrent à \$1,404,000 au cours de l'année, seront amortis sur les cinq premières années de production commerciale. Quoique certains projets d'immobilisations pour 1968 demeurent à l'étude, les immobilisations totales pour cette année devaient varier entre \$14,000,000 et \$18,000,000.

Usine de pâte sur la côte ouest

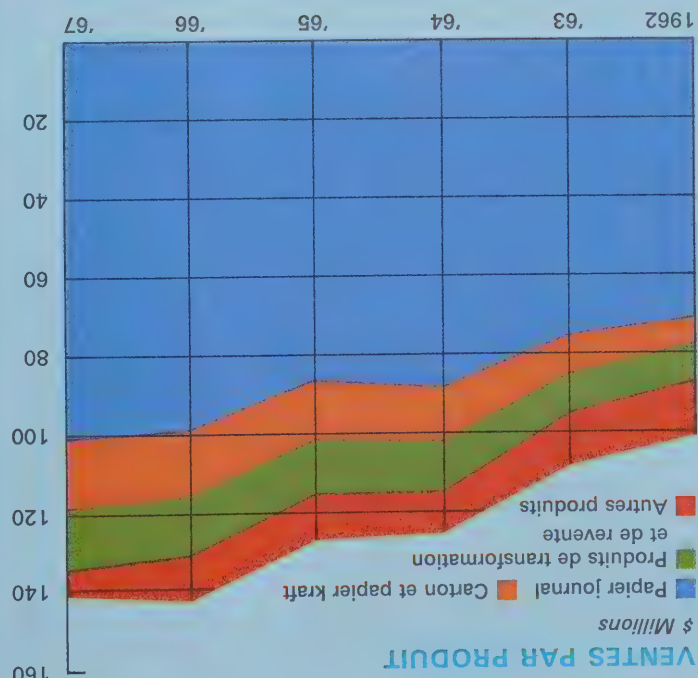
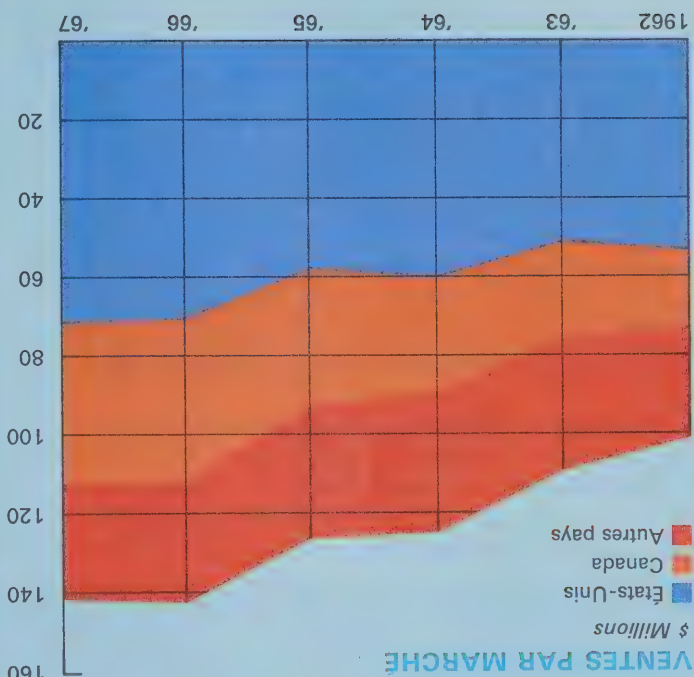
Price continue d'étudier la possibilité de construire et d'exploiter une usine de pâte kraft en Colombie-Britannique.

Usine de papier journal dans le sud des États-Unis

Price a convenu de construire, en participation avec la Boise Cascade Corporation, une usine de papier journal d'une capacité annuelle de 150,000 tonnes près de De Ridder, en Louisiane. Ces installations, dont le coût prévu est de \$20,000,000, seront établies à côté de la nouvelle usine de papier kraft et de carton de la Boise Cascade et l'on s'attend à ce qu'elles soient mises en service en 1970; elles se limiteront au début à une machine à papier journal moderne à grande vitesse, avec son matériel

Dépenses en immobilisations

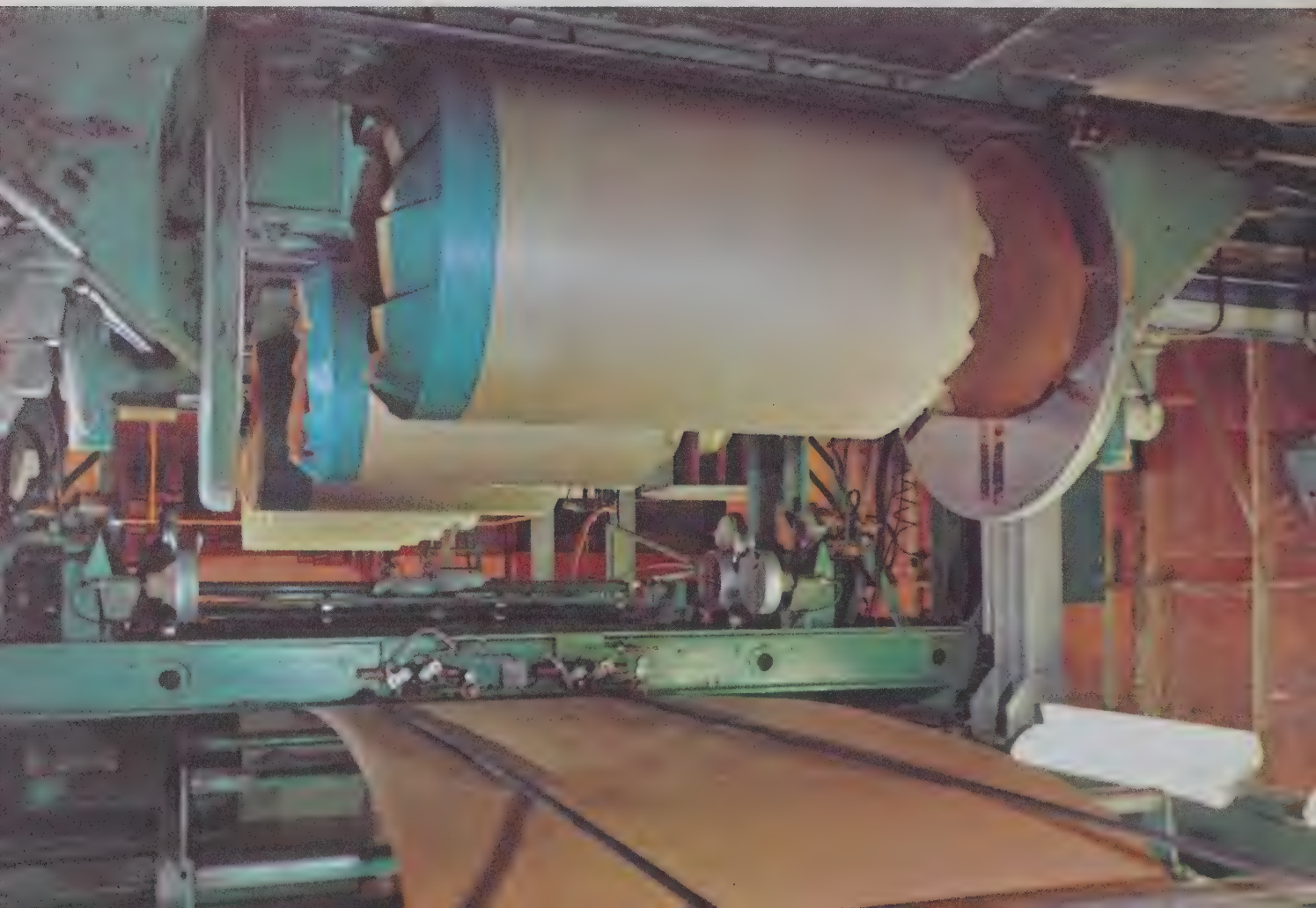
élevées, pour 1 966 et 1 967, à tout près de \$1,250,000.



Recherches et développement

Comme la plupart des autres fabricants canadiens de pâtes et papiers, Price devra, en 1968, négocier de nouveau d'importantes conventions collectives de travail pour ses usines et ses exploitations forestières. Ses relations avec les unions ouvrières ont continué d'être satisfaisantes pendant toute l'année 1967 et le fort taux d'exploitation qui a été maintenu au cours de cet exercice a valu aux employés le niveau de rémunération le plus élevé dans l'histoire de Price.

Price.



L'emballieuse automatique de papier journal à Alma

tonnes la production de l'année précédente. La production de papier journal de la Gaspésie, qui fut de 81,000 tonnes en 1964, année où sa machine à papier fut mise en service, augmente régulièrement depuis lors. Par suite de l'abandon, à la fin de 1966, de la production de la pâte au bisulfite commerciale, l'usine a pu adopter, pour son papier journal, une pâte chimique d'un rendement supérieur, et substituer la production de la pâte au sodium à celle de la pâte au calcium. L'emploi de la pâte à base de sodium, plus forte, a permis de produire le papier à plus grande vitesse et d'accroître la qualité du papier journal de la Gaspésie, ainsi que ses possibilités au point de vue concurrence. Les travaux de construction d'un nouveau quai par le gouvernement canadien dans le port de Chandler progressent de façon satisfaisante et les jetées d'accès en pierres avancement à 1,100 pieds de la rive. On s'attend à ce que le port puisse, à compter des derniers mois de 1969, recevoir des navires d'un tonnage atteignant 15,000 tonnes.

Price Wilson Limitée

Conformément à la ligne de conduite selon laquelle les noms des filiales doivent indiquer

Relations industrielles

Le 1^{er} octobre 1967, Price a volontairement entrepris l'exécution d'un programme de suppression des horloges de pointage pour les employés payés à l'heure. Ce programme, qui découle de la politique de la compagnie de faire confiance à l'individu, accroît la responsabilité des supérieurs immédiats et il a été bien accueilli par le sud de l'Ontario.

Le réseau de distribution de Price Wilson croît sans cesse dans le domaine du transport. Le réseau de distribution de Price Wilson s'étend d'un océan à l'autre et la nouvelle succursale qui est récemment venue s'y ajouter, à St-Thomas, Ontario, améliorera l'activité commerciale de l'entreprise dans l'important marché en polypropylène, produit dont l'utilisation s'accroît sans cesse dans le domaine du transport. Wilson détient une importante licence exclusive pour la distribution au Canada de sangles accrues de 13% au cours de cet exercice. Price 1967 et la valeur en dollars de ses ventes s'est accrue de 13% au cours de cet exercice. Price 1967 et la valeur en dollars de ses ventes s'est accrue de 13% au cours de cet exercice. Price 1967 et la valeur en dollars de ses ventes s'est accrue de 13% au cours de cet exercice. Price 1967 et la valeur en dollars de ses ventes s'est accrue de 13% au cours de cet exercice.

rigoureux a eu un effet défavorable sur les expéditions par le port de Botwood.

Produits de transformation et de revente de Price Wilson

CONCLUSION

Bois d'oeuvre
Pâte commerciale
Papier kraft
Carton
Papier journal
Production
Produits de transfo
Bois d'oeuvre
Pâte commerciale
Papier kraft
Carton
Papier journal

884,000 tonnes	75,000 M.p.m.p.
53,000 tonnes	59,000 tonnes
51,000 tonnes	50,000 tonnes
53,000 tonnes	41,000 M.p.m.p.
875,000 tonnes	

1967	1966
\$100,185,000	\$ 99,092,000
8,691,000	8,709,000
9,354,000	9,123,000
1,257,000	7,395,000
5,155,000	3,910,000
17,806,000	15,340,000
\$142,448,000	\$143,569,000

La production de papier journal de l'usine de Chandler a atteint, en 1967, le chiffre record de 108,000 tonnes, dépassant ainsi de 9,000

Une filiale, en propriété exclusive, Les Explorations Terra Nova Ltée, a effectué, au cours de l'année, des travaux d'exploration au Canada et à l'étranger. Ces travaux se sont concentrés en grande partie sur la propriété de la région du ruisseau Pekan, parc national de la Gaspésie, où elle envisage de percer une galerie à flanc de coteau, dans une zone minéralisée pleine de promesses, à la reprise des travaux de trépage le printemps prochain. Des contrats ont été conclus avec la Sun Oil Company pour la recherche du pétrole dans une partie des propriétés forestières de Price, ainsi qu'avec Carey-Canadian Mines, Limited en vue de recherches plus poussées sur une venue d'amiante.

A Terre-Neuve, sur la rivière Grey, une galerie à flanc de coteau a été creusée sur une longueur de 1,000 pieds dans un gisement de tungstène. Les sondages au diamant se poursuivent à Great Burnt Pond et Tulks Pond où l'on rencontre du minéral de base.

giques des Etats-Unis, le revenu minier s'est établi à \$2,414,000, chiffre à peu près égal à celui de l'exercice précédent. Les réserves de minerais assurées et probables de Buchans, à Terre-Neuve, demeurent suffisantes pour soutenir la production pendant 9 à 11 autres



T. R. Moore
Président du conseil d'administration et de la compagnie

Mil neuf cent soixante-sept a été, pour l'industrie des pâtes et papiers, une année d'offre excédentaire; néanmoins, le groupe Price a continué de maintenir à un chiffre élevé le taux d'utilisation de ses usines et il a pris plusieurs mesures importantes en vue de la réalisation de ses projets à longue échéance.

Bénéfices, ventes et production

En dépit de l'affaiblissement dont les marchés ont fait preuve toute l'année, et surtout du fléchissement de la demande pour le papier journal canadien, qui est devenu de plus en plus manifeste au cours des derniers mois de l'année, les ventes de Price se sont élevées, au total, à \$142,448,000, soit 1% de moins que pour l'exercice record de 1966. Le bénéfice net d'exploitation s'est établi à \$9,300,000, à rapprocher de \$10,914,000 pour 1966, et le revenu net à \$10,615,000, soit l'équivalent de \$1,10 par action après paiement des dividendes sur les actions privilégiées, à comparer à \$12,026,000 ou \$1,25 par action pour 1966. Cette baisse

de 15¢ par action est attribuable à l'accroissement des frais d'intérêts, à la transformation de l'usine mixte de pâte commerciale et de papier journal de Chandler en une usine à papier journal dotée de deux machines, ainsi qu'à l'augmentation des frais de fabrication résultant surtout de la hausse des taux de salaires. Les chiffres des ventes et de la production sont analysés, pour chaque produit, au tableau de la page suivante. On trouvera, d'autre part, une analyse graphique du bénéfice net d'exploitation au tableau de la page 7 qui indique séparément la part des pâtes et papiers et celle des opérations minières.

La faiblesse des marchés des pâtes et papiers en 1967 est attribuable à l'accroissement de la capacité de production dans plusieurs pays, ainsi qu'à un fléchissement de la demande. Une importante diminution de publicité dans les journaux des États-Unis et du Royaume-Uni a déterminé un ralentissement sensible de l'augmentation de la consommation de papier journal. L'accroissement de la capacité mondiale de production de papier journal a été plusieurs fois supérieure à l'augmentation de la demande mondiale. Bien que le tonnage des livraisons des usines canadiennes de papier journal aux États-Unis ait atteint son chiffre le plus élevé après celui de l'année record, il a quand même été légèrement inférieur à ce qu'il avait été en 1966. En conséquence de cette baisse, attribuable à l'achèvement de nouvelles installations de production de papier journal dans les États du sud et de l'ouest, l'industrie canadienne du papier journal n'a fonctionné qu'à 87% de sa capacité en 1967, à comparer à 95% en 1966.

Price (Nfld.) Pulp & Paper Limited

La production de papier journal s'est élevée, pour l'exercice, à 262,000 tonnes, soit environ 6% de moins que le chiffre record atteint en 1966. La baisse de la production de l'usine de Grand Falls est attribuable en grande partie à des pénuries d'énergie électrique causées, au cours de l'hiver, par l'état de la glace de la rivière des Exploits. Maintenant que l'entreprise a trouvé à Baie d'Esprit une source d'approvisionnement sûre où elle peut acheter de l'énergie électrique, le problème des pénuries d'énergie dues à l'état de la glace devrait être de beaucoup simplifié. Ajoutons qu'un hiver



CONSEIL D'ADMINISTRATION

Sir Max Aitken, Bt., D.S.O., D.F.C.

Editeur, Londres, Angleterre

*William A. Arbuckle

Président du comité canadien, The Standard Life Assurance Company, Montréal, Qué.

Sir Neill Cooper-Key, M.P.

Administrateur, Associated Newspapers Limited, Londres, Angleterre

*Alan S. Gordon

Président, Royal Securities Corporation Limited, Montréal, Qué.

R. F. Hammond

Ex-administrateur, délégué, Associated Newspapers Limited, Londres, Angleterre

L'Honorable Vere Harmsworth

*Guy Hudon, C.R. Vice-président du conseil d'administration, Associated Newspapers Limited, Londres, Angleterre

K. C. Irving
Québec, Qué.

Président, Irving Oil Company Limited, Saint-Jean, N.-B.

John D. Johnson

Ex-président du conseil d'administration et ex-président, Canada Cement Company, Limited, Montréal, Qué, Retraité

*Roger Létourneau, C.R.

Associé, Létourneau, Stein, Marseille, Bienvenue, Delisle & LaRue, Québec, Qué.

*T. R. Moore

Président du conseil d'administration et Président, La Compagnie Price Limitée, Québec, Qué.

*R. E. Morrow, D.F.C., C.R.

Associé, Cate, Ogilvy, Bishop, Porteous & Hansard, Montréal, Qué.

D. Stewart Patterson, O.B.E.

Président du conseil d'administration, Dominick Corporation of Canada, Montréal, Qué.

A. C. Price

Ex-président du conseil d'administration, La Compagnie Price Limitée, Québec, Qué.

H. Greville Smith, C.B.E.

Président, Canadian International Investment Trust, Limited, Montréal, Qué.

* Membres du comité exécutif

DIRECTION

T. R. Moore Président du conseil d'administration et de la compagnie

R. E. Morrow, D.F.C., C.R. Vice-président du conseil d'administration

G. C. Brown Vice-président, Papier et produits connexes

Wm. Dunkerley Vice-président, Planification générale du Groupe

W. J. Johnston Vice-président, Produits forestiers

A. A. Labreque, C.R. Vice-président, secrétaire et chef du contentieux

R. E. Membership Vice-président, Finance

E. L. Neal, D.F.C. Vice-président

R. D. Duncan Vice-président adjoint, Papier et produits connexes

W. R. Brooke Trésorier

H. C. Warner Contrôleur

L. D. Cannon, C.R. Chef adjoint du contentieux et secrétaire adjoint

S. D. MacGowan Trésorier adjoint

AGENTS DES

TRANSFERTS

Montreal Trust Company Montréal, Toronto, Halifax, Vancouver, Calgary et Saint-Jean, N.-B.

RÉGISTRAIRES

Compagnie Trust Royal Montréal, Toronto, Halifax, Vancouver, Calgary et Saint-Jean, N.-B.

VÉRIFICATEURS

Price Waterhouse & Co. Montréal

La nouvelle machine à papier journal à grande vitesse à Alma.
Elle peut produire une feuille de papier journal d'une largeur de 25 pieds à la vitesse de 3,000 pieds à la minute.





LA COMPAGNIE PRICE LIMITEE • RAPPORT ANNUEL 1967

FAITS SAILLANTS

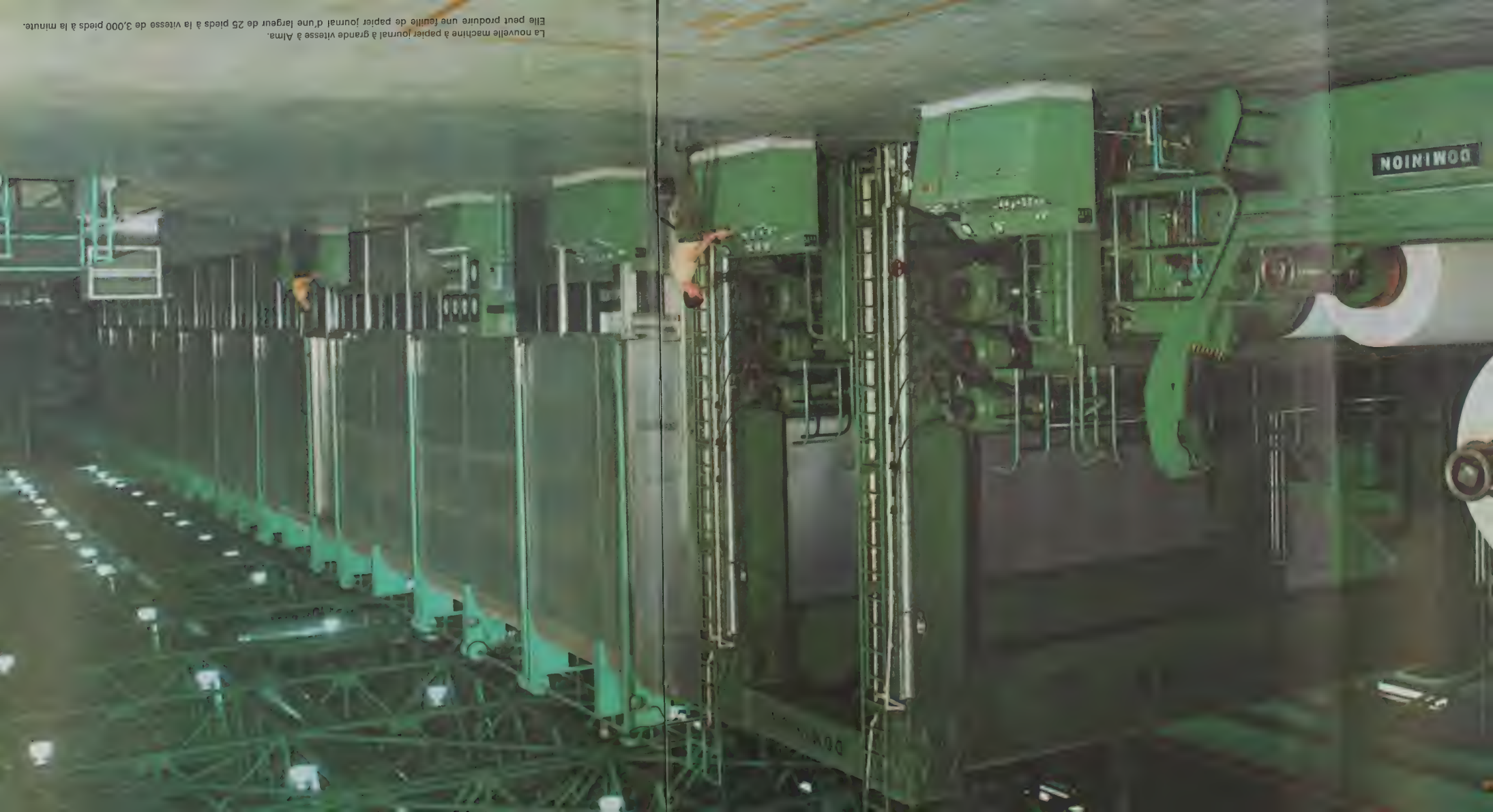
	1967	1966
Production de cartons et papiers	988,000 tonnes	978,000 tonnes
Ventes, moins frais d'expédition	\$142,448,000	\$143,569,000
Gain sur change étranger	8,031,000	8,036,000
Revenu des mines	2,414,000	2,406,000
Amortissement et épuisement	10,369,000	10,073,000
Intérêt sur dette à long terme	3,574,000	2,742,000
Impôts sur le revenu	8,597,000	9,395,000
Profit net d'exploitation	9,300,000	10,914,000
—par action ordinaire	0.96	1.13
Revenu net	10,615,000	12,026,000
—par action ordinaire	1.10	1.25
Revenu net en termes de fonds de roulement	28,438,000	29,669,000
—par action ordinaire	2.97	3.10
Taux de dividende	0.75	0.75
—par action ordinaire	0.75	0.75
Fonds de roulement	77,593,000	71,516,000
Dépenses en immobilisations	41,749,000	38,928,000

CONTENU

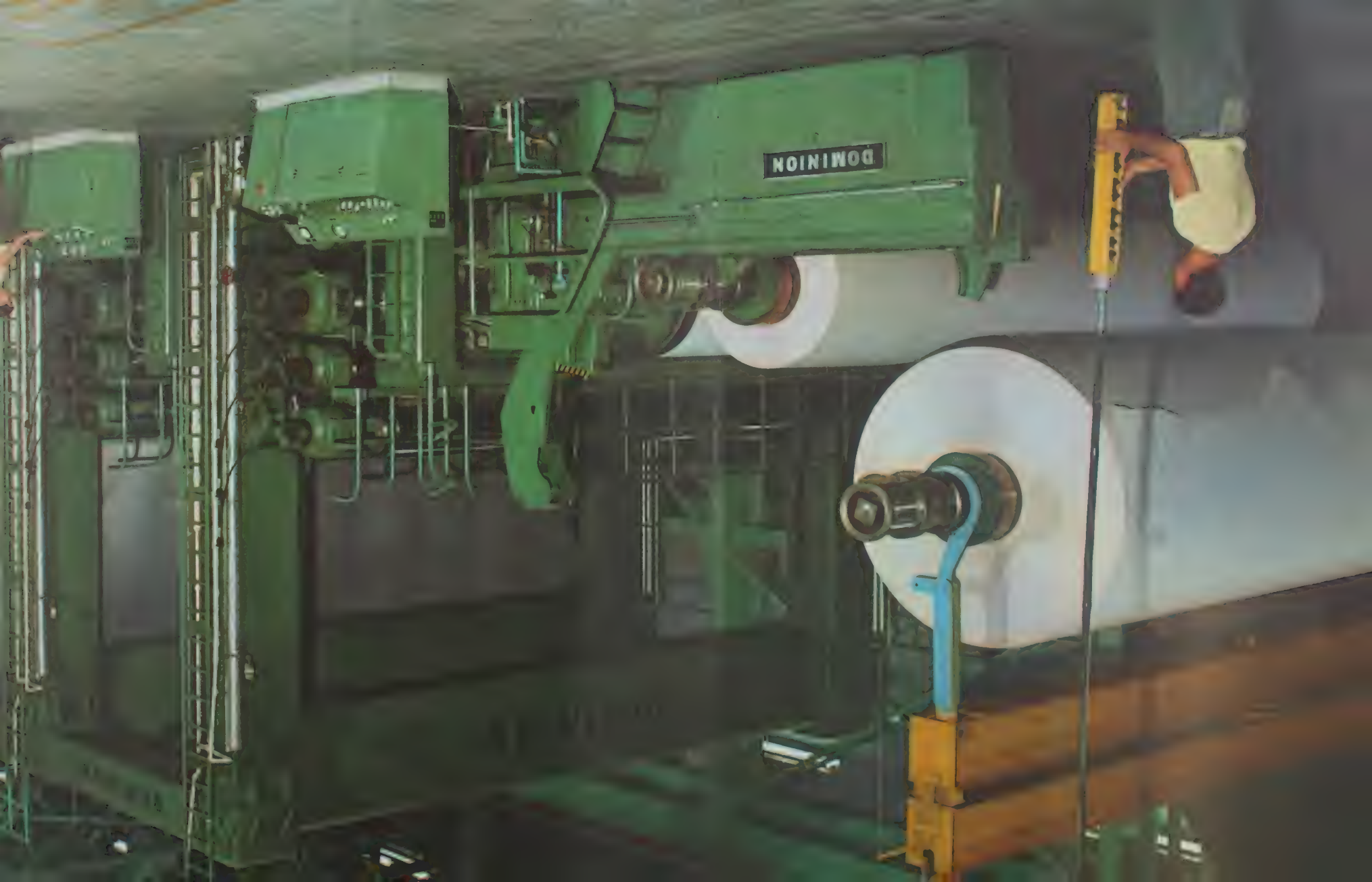
- 2 Conseil d'administration et direction
- 3 Rapport aux actionnaires
- 4 Ventes et production
- 6 Tableaux
- 8 Dépenses en immobilisations
- 11 Principes comptables
- 12 États financiers
- 19 Rapport des vérificateurs
- 20 Revue historique
- 21 Compagnies de fabrication et de vente
- 22 Peintures primées au concours des Beaux-Arts Price

La nouvelle machine à papier journal à grande vitesse à Alma.
Elle peut produire une feuille de papier journal d'une largeur de 25 pieds à la vitesse de 3,000 pieds à la minute.





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LA COMPAGNIE PRICE LIMITEE • RAPPORT ANNUEL 1967

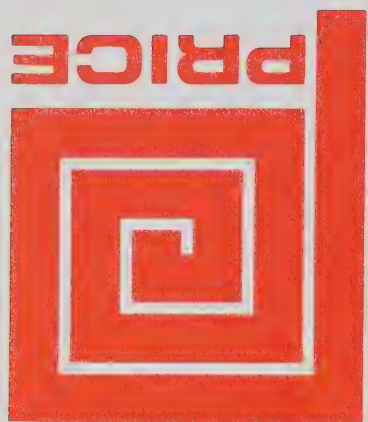
FAITS SAILLANTS

1967	1966
988,000 tonnes	978,000 tonnes
\$142,448,000	\$143,569,000
	8,036,000
	2,414,000
	10,369,000
	3,574,000
	8,597,000
	9,395,000
	10,914,000
	0.96
Profit net d'exploitation	—par action ordinaire
	12,026,000
Revenu net	—par action ordinaire
	1.10
Revenu net en termes de fonds de roulement	—par action ordinaire
	2.97
	28,438,000
	29,669,000
	3.10
	0.75
	71,516,000
	38,928,000

CONTENU

- 2 Conseil d'administration et direction
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RAPPORT ANNUEL 1967



*This Prospectus is not, and under no circumstances is to be construed as, a public offering of these securities for sale
in the United States of America or in the territories or possessions thereof.*

New Issue

Circular 553A
April 25, 1967

AR05



\$30,000,000

The Price Company Limited

(Incorporated under the Companies Act (Quebec))

6¾% Sinking Fund Debentures, Series B (Unsecured)

To be dated June 1, 1967

To mature June 1, 1987

Principal, premium, if any, and semi-annual interest (June 1 and December 1) payable in lawful money of Canada at any branch of the Company's bankers in Canada at the holder's option. Coupon Debentures registrable as to principal only in the denomination of \$1,000 and fully registered Debentures in denominations of \$1,000 and \$5,000 and authorized multiples of \$5,000.

The 6¾% Sinking Fund Debentures, Series B (the "Series B Debentures") will not be redeemable prior to June 1, 1982, for other than sinking fund purposes, unless the Directors of the Company shall have declared by resolution that such Series B Debentures are not being refunded by, and it is not then the intention to refund such Series B Debentures by, other indebtedness incurred or to be incurred specifically to refund such Series B Debentures at an effective interest cost to the Company of less than 6¾% per annum. Subject to the foregoing, the Series B Debentures will be redeemable as set out on page 6 hereof.

The Company will covenant to provide a sinking fund for the Series B Debentures sufficient to retire \$1,300,000 principal amount of such Series B Debentures on June 1 in each of the years 1970 to 1986 inclusive. Such payments are calculated to be sufficient to retire 73.7% of the Series B Debentures prior to maturity. Default to make any sinking fund payment which shall have continued for a period of sixty days shall constitute an Event of Default as that term is defined in the Trust Indenture providing for the issue of the Debentures of the Company, in which case the rights and remedies constituted by the Trust Indenture will become enforceable by the Trustee. Further particulars concerning the sinking fund are set out on pages 6 and 7 hereof.

The Series B Debentures will, in the opinion of Counsel, be direct obligations of the Company, but will not be secured by any mortgage, pledge or other charge.

Trustee: Montreal Trust Company

In the opinion of Counsel, these Series B Debentures will be investments in which the Canadian and British Insurance Companies Act states that companies registered under Part III thereof may, without availing themselves for that purpose of the provisions of subsection (4) of Section 63 of said Act, invest their funds or any portion thereof.

We, as principals, offer these Series B Debentures, subject to prior sale and change in price, if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters by Messrs. Létourneau, Stein, Marseille, Bienvenue, Delisle & LaRue, Quebec, Quebec, on behalf of the Company, and by Messrs. Cate, Ogilvy, Bishop, Cope, Porteous & Hansard, Montreal, Quebec, on our behalf.

Price: 100 and accrued interest

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that Series B Debentures in definitive form will be available for delivery on or about June 1, 1967.

ROYAL SECURITIES CORPORATION **LIMITED**

MONTREAL TORONTO HALIFAX SAINT JOHN QUEBEC OTTAWA HAMILTON WINNIPEG CALGARY
EDMONTON VANCOUVER VICTORIA CHARLOTTETOWN MONCTON ST. JOHN'S NEW YORK LONDON



The Price Company Limited

Quebec, Que.
April 25, 1967.

Royal Securities Corporation Limited,
Wood Gundy Securities Limited,
Pitfield, Mackay, Ross & Company Limited,
Dominick Corporation of Canada.

Dear Sirs:

Referring to the proposed offering of \$30,000,000 principal amount of Series B Debentures of The Price Company Limited (Price), we take pleasure in giving you the following information:

The Company

Price was incorporated under the name Price Brothers & Company, Limited under the Companies Act (Quebec) in 1920. Its business was first established as a lumber manufacturing enterprise in 1816. Price was greatly enlarged and strengthened through the acquisition in 1961 of Anglo-Newfoundland Development Company, Limited, now known as Price (Nfld.) Pulp & Paper Limited (Price (Nfld.)).

The Price Group, as referred to on page 4 of this Prospectus, is one of the largest producers in the Canadian forest products industry and, with mills located in the Provinces of Quebec and Newfoundland, is a leader in world newsprint production. A kraft pulp and paperboard mill manufactures a wide range of kraft pulp and paper products. With two large sawmills in Quebec, it is the leading producer of lumber in Eastern Canada. In conjunction with American Smelting and Refining Company, it operates a major base metal mine at Buchans, Newfoundland. The Price Group charters a fleet of ocean-going ships and has railway facilities in Newfoundland. Its marketing organization for the sale of newsprint is worldwide and it is also a major distributor of other paper and allied products with outlets across Canada. Lumber and pulp are also sold in international markets.

Newsprint

The newsprint mills of the Price Group are located at Kenogami, Alma and Chandler, Quebec, and at Grand Falls, Newfoundland. These four mills have an annual capacity of 906,000 tons and are advantageously situated to make use of abundant water supply for driving, storing and delivery of pulpwood logs. They are located on or close to tidewater, thus facilitating water shipments to its markets. During the past five years newsprint sales have increased by approximately 35%.

Plant modernization and expansion programmes now under way include the installation of new high-speed newsprint machines with a total annual capacity of 380,000 tons at Alma, Chandler and Grand Falls. As several older machines will be decommissioned when the new capacity becomes available, the increment of additional tonnage will be a net of approximately 180,000 tons. Three of the seven machines in the Grand Falls mill have recently been rebuilt and major improvements have been effected in connection with the mill's shipping and wood handling facilities.

When these new machines are in production, the Price Group will have fifteen newsprint machines in operation, four of which will be accounting for one-half of the newsprint output. It will then have more modern newsprint machine capacity than any other producer east of the Rocky Mountains.

The conversion of the coal-burning boilers to oil-fired units at the Kenogami mill was completed in 1966. In addition, a new steam boiler and a turbo-generator unit are being installed to permit increased production at this mill.

In 1963, a modern, high-speed newsprint machine was installed in the Chandler mill and with the additional output from the second newsprint machine now being installed, it is anticipated that this expansion will add materially to future earnings.

Newsprint products include standard newsprint, roto, offset and coloured grades.

Kraft Products

A new kraft pulp and paperboard mill (the Jonquiere mill) was completed in 1962 to replace obsolete production facilities. This mill has an annual capacity of 65,000 tons of kraft pulp and 46,000 tons of paperboard and, in 1966 a pulp flash dryer was installed. The Jonquiere mill is one of the most modern of its type in the world. A 156" kraft-news machine was installed in the Kenogami mill in 1962, having an annual capacity of 50,000 tons. The Kenogami mill also has a paperboard and wrapping paper machine with an annual capacity of 17,000 tons. These mills provide a wide range of kraft papers, kraft linerboard, solid bleached and white lined boards for folding carton manufacture and many specialties, such as bottle cap board, closure cap boards and paper plate grades. Price is one of the top producers of boxboards in Canada and the largest exporter of boxboards to the United States and Great Britain.

Pulps

All mills have adequate mechanical and chemical pulp facilities to meet mill production requirements. In addition, the Grand Falls mill is able to market up to 10,000 tons of sulphite pulp annually and with the new flash dryer, the Jonquiere mill is in a position to market 20,000 tons of unbleached kraft pulp.

Converted Products

The Price Group manufactures and distributes converted paper products, such as bags, wrapping paper, boxes, towels, folding cartons, kraft paper and other products and maintains warehouse and distributing facilities in all major centres across Canada.

Production

The combined saleable pulp and paper production of the Price Group for the years 1962 to 1966 inclusive was as follows:

<u>Year</u>	<u>Newsprint</u> Tons	<u>Paperboard</u> Tons	<u>Kraft</u> <u>Paper</u> Tons	<u>Market</u> <u>Pulp</u> Tons	<u>Total Pulp and</u> <u>Paper Products</u> Tons
1962.....	689,000	37,000	12,000	76,000	814,000
1963.....	662,000	35,000	29,000	85,000	811,000
1964.....	790,000	42,000	39,000	68,000	939,000
1965.....	795,000	47,000	45,000	66,000	953,000
1966.....	875,000	53,000	50,000	59,000	1,037,000

Lumber

Price is the largest manufacturer of lumber in Eastern Canada and operates a sawmill with an annual capacity of 40 million board feet plus 30,000 tons of chips on the south shore of the St. Lawrence River at Price, Quebec. A new sawmill has just been completed in the Saguenay region of Quebec which will add 45 million board feet to the present lumber production, plus 40,000 tons of chips. Both mills have planing and dry kiln facilities and are located close to tidewater, making overseas markets readily available.

Hydro-Electric Power

The Price Group is a major producer of hydro-electric power with an installed capacity of 300,000 h.p. of which 221,000 h.p. is generated in the Lake St. John-Saguenay area providing the greater part of the power requirements for the Kenogami, Alma and Jonquiere mills located in that area.

Timber Holdings

The mills of Price are in a good position in regard to wood supply with timber holdings in Quebec of 8,220 square miles under Crown lease and 186 square miles in freehold. The same position exists in the case of the Grand Falls mill in Newfoundland where the holdings comprise 7,472 square miles under Crown lease and 114 square miles in freehold. Negotiations are in progress to improve the Chandler mill's wood supply position, which presently comprises approximately 1,900 square miles covered by Crown lease or cutting rights. For the most part, timber limits are held in compact blocks tributary by water to the paper and lumber mills.

Mining Interests

Price (Nfld.), through its wholly-owned subsidiary, Terra Nova Properties Limited (Terra Nova), holds mineral and mining rights running for 99 years from 1905 over 2,320 square miles in the Red Indian Lake district of Newfoundland. Terra Nova owns a base metal mine at Buchans, Newfoundland, which is operated by American Smelting and Refining Company. The profits from this mine are shared equally by the two companies and have made substantial contributions to earnings. Reserves of proven and probable ore at Buchans remain adequate to support operations for at least another 10 to 12 years. Terra Nova, through its wholly-owned subsidiary, Terra Nova Explorations Ltd. (No Personal Liability), confirmed late in 1965 that it had discovered, in conjunction with certain partners, a low-grade copper orebody in the Pekan Brook region of the Quebec Gaspé Park. Extensive drilling is still being carried out in order to delineate the area of mineralization.

The Price Group

Price has five principal subsidiaries, namely: the 99.7% owned Price (Nfld.) and the wholly-owned subsidiaries: J. C. Wilson, Limited, a manufacturer, converter and nationwide distributor of paper and allied products; Price Paper Corporation, representing the Price Group in the international newsprint and pulp markets; Price Kraft and Paperboard Corporation, engaged in the sale of kraft and paperboard; and Price Lumber Company Limited, which handles all sales of lumber products.

Wholly-owned subsidiaries of Price (Nfld.) include Grand Falls Central Railway Company Limited and Price Shipping Limited, providing rail and water transportation services, and Terra Nova. Price (Nfld.) has a 51% interest in Gaspesia Pulp and Paper Company Ltd., which operates the mill at Chandler, the remaining 49% being held by The New York Times Company.

Capital Expenditures and Commitments

When the expansion, diversification and modernization programme for its Eastern Canadian mills begun by Price in 1961 is completed in early 1968, the Company will have invested more than \$170 million in new fixed assets during the period. The \$32 million kraft pulp, paper and paperboard complex in the Jonquiere-Kenogami area was brought into production in 1962, and was followed by the first newsprint machine at the Chandler mill which began operations in 1964. The \$2.3 million kraft pulp flash dryer and the \$6 million new sawmill commenced commercial operations at the beginning of 1967. A further \$55 million programme to construct three new newsprint machines is now under way. The machines at Alma and Grand Falls will be producing by late 1967 and the one at Chandler will come into operation by mid-1968.

Negotiations are under way between Price and Weldwood of Canada Limited (a subsidiary of U.S. Plywood-Champion Papers Inc.) for the construction and operation of a kraft pulp mill with a nominal capacity of 750 tons per day of bleached kraft pulp, at Quesnel in the central plateau of British Columbia. The proposed mill is to cost approximately \$70 million and should the negotiations prove successful, Price's share will amount to approximately \$35 million. A pulpwood harvesting area to provide the fibre requirements for the new mill has been arranged for and a \$650,000 performance bond has been posted with the British Columbia Government as assurance that the mill will be built and in operation by 1971.

Expenditures on fixed assets in 1966 amounted to \$39 million. An estimated amount of \$42.5 million will be required to complete approved capital projects, excluding the funds expected to be invested by Price in the Quesnel project.

Purpose of Issue

The net proceeds (after expenses estimated at \$100,000) of \$29,150,000 from the sale of the Series B Debentures offered by this Prospectus will be used in part to repay indebtedness of Price and its subsidiaries to Canadian banks estimated to be approximately \$16 million at June 1, 1967, which indebtedness has been incurred since October, 1966, during which period the total capital expenditures of Price and its subsidiaries will have exceeded \$30 million, and the balance of such proceeds together with funds on hand will be applied towards the costs of the capital expenditures referred to under the heading "Capital Expenditures and Commitments" on page 4 of this Prospectus. The said balance of such proceeds (estimated to be approximately \$13,150,000) will be deposited with a trustee to be applied towards the costs of said capital expenditures.

Capitalization

(As at December 31, 1966, after giving effect to the present financing)

	Authorized	Outstanding
THE PRICE COMPANY LIMITED—		
<i>Funded Debt</i>		
5¾% Serial Debentures, Series A, due 1967 and 1968	\$ 5,000,000	\$ 2,000,000
5¾% Sinking Fund Debentures, Series A, due 1982	20,000,000	19,500,000
6¾% Sinking Fund Debentures, Series B, due 1987	30,000,000	30,000,000
<i>Capital Stock</i>		
4% Cumulative redeemable preferred shares of \$100 par value	5,000,000	3,750,000
Common shares without nominal or par value	15,000,000 shs.	9,532,632 shs.
GASPESIA PULP AND PAPER COMPANY LTD.—		
<i>Funded Debt</i>		
5½% Sinking Fund Notes due 1985	20,375,000	20,375,000
6% Subordinated Sinking Fund Notes due 1986	8,600,000	8,600,000
6% Junior Subordinated Debentures due 1987	2,151,000	2,151,000

Interest Requirements

The consolidated earnings of the Company and its subsidiaries before interest on Funded Debt and income taxes but after income taxes of its subsidiaries have averaged \$16,828,000 per annum for the 5 years ended December 31, 1966 and was \$19,618,000 for the year ended December 31, 1966. These amounts are equivalent respectively to 3.3 and 3.9 times the annual interest requirements totalling \$5,027,000 on the \$82,626,000 aggregate principal amount of Funded Debt of the Company and its subsidiaries after giving effect to the present financing. However, under the Trust Indenture hereinafter referred to, the Consolidated Net Earnings (as defined in the said Trust Indenture and appearing on page 10 of this Prospectus) of the Company and its Restricted Subsidiaries (as defined in the said Trust Indenture and appearing on page 11 of this Prospectus) have averaged \$26,230,000 per annum for the 5 years ended December 31, 1966 and was \$29,775,000 for the year ended December 31, 1966. These amounts are equivalent respectively to 6.9 and 7.9 times the annual interest requirements totalling \$3,777,000 on the \$60,100,000 aggregate principal amount of Consolidated Funded Obligations (as defined

in the said Trust Indenture and appearing on page 10 of this Prospectus) after giving effect to the present financing.

The maximum annual interest requirements on the Funded Debt of the subsidiary company (which is not a Restricted Subsidiary) referred to under the heading of "Capitalization" above, amounts to \$1,766,000. The annual interest requirements on the Funded Debt of Price and the said subsidiary will decrease as a result of sinking fund operations and payments at maturity.

Assets

Based on the pro forma consolidated balance sheet of Price and its subsidiaries as at December 31, 1966 with notes thereto as set forth herein and reported on by Price Waterhouse & Co., auditors of Price, the net assets of Price and its subsidiaries, including the proceeds of the Debentures offered by this Prospectus, were as follows:

Property, plant, equipment, timber limits and mining rights, at cost.....	\$301,690,000
Less: Accumulated depreciation and depletion.....	145,708,000
Net fixed assets.....	155,982,000
Net current assets, excluding Funded Debt due within one year.....	101,666,000
Special refundable profits tax.....	835,000
Receivables not currently due.....	3,493,000
Investments.....	7,604,000
	<u>269,580,000</u>
Less:	
Deferred income taxes.....	\$17,775,000
Minority shareholders' interest in subsidiary companies.....	3,953,000
	<u>21,728,000</u>
Net assets before deducting the amount of Funded Debt set forth below....	<u>\$247,852,000</u>
Funded Debt	
Debentures of the Company (including this issue).....	\$ 51,500,000
Funded Debt of subsidiary company.....	31,126,000
	<u>\$ 82,626,000</u>

Redemption

The Series B Debentures will not be redeemable prior to June 1, 1982, for other than sinking fund purposes, unless the Directors of the Company shall have declared by resolution that such Series B Debentures are not being refunded by, and it is not then the intention to refund such Series B Debentures by, other indebtedness incurred or to be incurred specifically to refund such Series B Debentures at an effective interest cost to the Company of less than $6\frac{3}{4}\%$ per annum. Subject to the foregoing, the Series B Debentures will be redeemable (for other than sinking fund purposes), in whole at any time or in part from time to time, on not less than 30 days' notice, at the option of the Company, up to and including May 31, 1968, at a premium of $6\frac{3}{4}\%$, the premium thereafter decreasing .40 of 1% in each twelve month period or portion thereof elapsed to and including May 31, 1984 and thereafter at the principal amount thereof, and for sinking fund purposes only, at the principal amount thereof; plus in all cases interest accrued on the said principal amount to the date fixed for redemption.

Sinking Fund

The Company will covenant to provide a sinking fund for the Series B Debentures sufficient to retire \$1,300,000 principal amount of such Series B Debentures on June 1 in each of the years 1970 to 1986 inclusive. The Company is to be entitled to purchase Series B Debentures on the open market or by tender or by private contract for sinking fund purposes or otherwise at any price not exceeding the price at which such Series B Debentures, on the date of purchase, are redeemable for other than sinking fund purposes, plus costs of purchase. The Company will have the right to tender to the Trustee Series B Debentures so purchased or Series B Debentures redeemed otherwise than out of sinking fund moneys in satisfaction in whole or in part of its sinking fund obligations, the same to be taken at the principal amount thereof.

Default to make any sinking fund payment which shall have continued for a period of 60 days shall constitute an Event of Default as that term is defined in the Trust Indenture providing for the issue of the Debentures of the Company, in which case the rights and remedies constituted by the Trust Indenture will become enforceable by the Trustee.

Security

The Series B Debentures offered by this Prospectus will, in the opinion of Counsel, be direct obligations of the Company, but will not be secured by any mortgage, pledge or other charge. The \$30,000,000 aggregate principal amount of Series B Debentures will be issued under a Trust Indenture dated as of December 1, 1962 and a Trust Indenture supplemental thereto to be dated as of June 1, 1967, all between the Company and Montreal Trust Company, as Trustee, (such Trust Indenture and Supplemental Trust Indenture herein collectively sometimes called the "Trust Indentures"). The Series B Debentures will rank *pari passu* (except as to sinking funds pertaining exclusively to any particular series of Debentures) with the Series A Debentures and any other Debentures as may be issued from time to time under the Trust Indenture. The Trust Indenture contains provisions permitting the issuance from time to time of additional Debentures thereunder without limit as to the aggregate principal amount but subject to certain restrictions therein contained.

Certain Covenants to be Contained in the Supplemental Trust Indenture

The said Supplemental Trust Indenture to be dated as of June 1, 1967 will contain provisions substantially as follows which will apply so long as any of the Series B Debentures remain outstanding:

(A) The Company will not mortgage, hypothecate, charge, pledge or otherwise encumber any of its assets to secure its obligations or any of them unless at the same time it shall secure equally and rateably with such obligations all the Debentures then outstanding under the Trust Indentures nor will the Company permit any Restricted Subsidiary to mortgage, hypothecate, charge, pledge or otherwise encumber any of its assets to secure its obligations or any of them; provided that these covenants shall not apply to (i) any security (except on timber leases, licenses and concessions and on real and immoveable properties and rights) given in the ordinary course of business to secure any indebtedness repayable on demand or maturing within eighteen (18) months of the date on which such indebtedness is incurred or of the date of any renewal or extension thereof; or (ii) the giving or assumption of any Purchase Money Obligation in respect of property hereafter acquired provided that such Purchase Money Obligation (if also a Funded Obligation) does not exceed 66 $\frac{2}{3}$ % of the cost of such property; or (iii) pledges or deposits under workmen's compensation laws or similar legislation or good faith deposits in connection with bids, tenders, contracts (other than for the borrowing of money or the repayment of money borrowed) or leases or deposits to secure public or statutory obligations or deposits of cash or obligations to secure surety and appeal bonds; or (iv) liens or privileges imposed by law such as carriers', warehousemen's, mechanics', material men's and vendors' liens and privileges and liens and privileges arising out of judgments or awards with respect to which judgments or awards the Company or a Restricted Subsidiary at the time shall currently be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; or (v) liens or privileges for property taxes not yet subject to penalties (other than interest on any overdue taxes) for non-payment, or minor encumbrances, including rights of way for sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real and immoveable properties, which liens, privileges, encumbrances, rights of way and restrictions do not, in the opinion of the Company or of a Restricted Subsidiary, in the aggregate materially detract from the value of the said properties or materially impair their use in the operation of the business of the Company or of a Restricted Subsidiary; or (vi) any mortgage, hypothec, charge, pledge or other encumbrance required to be given or granted by any Restricted Subsidiary pursuant to the terms of any trust deed or similar document entered into by such Restricted Subsidiary prior to the date when it became a Subsidiary; or (vii) any secured obligation of the Company or any Restricted Subsidiary, issued or upon which it became liable prior to June 1, 1967;

(B) The Company will not create or issue any additional Funded Obligations having a maturity date prior to June 1, 1987, other than Debentures or other obligations maturing serially or Purchase Money Obligations;

(C) The Company will not create or issue any additional Funded Obligations, other than Purchase Money Obligations, of which the mandatory retirement provisions (by maturities, serial or otherwise, and/or by sinking fund) would in any twelve (12) months' period while the Series B Debentures are outstanding provide for the retirement of a proportionately greater principal amount of such additional Funded Obligations than the aggregate principal amount of Series B Debentures required to be retired in such twelve (12) months' period pursuant to the mandatory sinking fund retirement provisions attaching to the Series B Debentures, unless the provisions of the Supplemental Trust Indenture are amended in terms satisfactory to the Trustee to require the retirement by the Company in such twelve (12) months' period of such principal amount or greater principal amount of Series B Debentures as to ensure that the aggregate principal amount of Series B Debentures required to be retired in such twelve (12) months' period shall not be proportionately less than the aggregate principal amount of such additional Funded Obligations to be retired in such twelve (12) months' period pursuant to the said mandatory retirement provisions attaching to such additional Funded Obligations. In determining any proportion hereunder, there shall be used the aggregate principal amount of Series B Debentures outstanding at the date of the first delivery of such additional Funded Obligations and the principal amount of all such additional Funded Obligations, including the Funded Obligations the delivery of which is to be delayed or deferred;

(D) The Company will not create or issue or become liable upon any additional Funded Obligations (exclusive of Purchase Money Obligations not exceeding 66 $\frac{2}{3}$ % of the cost of the property acquired), unless

- (a) the Consolidated Net Tangible Assets of the Company and its Restricted Subsidiaries shall be equal to at least two and one-half times the principal amount of all Consolidated Funded Obligations of the Company and its Restricted Subsidiaries to be outstanding, excluding Funded Obligations to be retired out of the proceeds of the proposed issue, and
- (b) the average annual Consolidated Net Earnings of the Company and its Restricted Subsidiaries for the three completed fiscal years next preceding such issue shall have been at least equal to six (6) times the aggregate annual interest requirements of all Consolidated Funded Obligations of the Company and its Restricted Subsidiaries to be outstanding, excluding Funded Obligations to be retired out of the proceeds of the proposed issue.

For the purposes of the foregoing paragraph (a) of this covenant (D), there may be included in Consolidated Net Tangible Assets of the Company and its Restricted Subsidiaries, in the case of a Funded Obligation which is a Purchase Money Obligation, the cost of the property being acquired subject to such Purchase Money Obligation.

For the purpose of paragraph (b) of this covenant (D), there may be included in Consolidated Net Earnings of the Company and its Restricted Subsidiaries the net earnings (before depreciation, depletion, interest on Funded Obligations and income taxes) of any business to be acquired (whether through acquisition of shares or otherwise) by the Company or by any Restricted Subsidiary out of the proceeds of such additional Funded Obligations.

For the purposes of the calculations required to be made under this covenant (D):

- (i) when determining any ratio between Consolidated Net Tangible Assets and Funded Obligations of the Company and its Restricted Subsidiaries, such determination shall be made as at a date not more than one hundred and twenty (120) days prior to the date of the adoption of the resolution of Directors authorizing the issue of the Funded Obligations in respect of which such ratio is being determined, and there shall be taken into calculation

all issues and retirements of Funded Obligations and of shares of capital stock and the net value of the consideration received for such issues and the expenditures on such retirements made and received, as the case may be, subsequent to the date as of which such determination is being made up to and including the date of the first delivery of any of the Funded Obligations authorized by such resolution and including all the other Funded Obligations of the particular issue or series of which the Funded Obligations of such first delivery form part and which have been authorized for issue by said resolution and the estimated net value of the consideration to be received on the issue of such other Funded Obligations;

- (ii) when determining any ratio between average annual Consolidated Net Earnings and the annual interest requirements on Funded Obligations, there shall be taken into account the interest requirements on all Funded Obligations of the Company and its Restricted Subsidiaries to be outstanding on the day following the date of the first delivery of the Funded Obligations in respect of which the said ratio is being determined and on all the other Funded Obligations of the particular issue or series of which the Funded Obligations of such first delivery shall form part and which have been authorized for issue by the resolution providing for such issue;
- (iii) there shall be excluded from such calculations all Funded Obligations of any Restricted Subsidiary payable to the Company or to any other Restricted Subsidiary;
- (iv) when determining the average annual Consolidated Net Earnings, the financial accounts of all Restricted Subsidiaries at the date of the adoption of the resolution of Directors referred to above shall be included both prior to as well as after the respective dates when such Restricted Subsidiaries became Restricted Subsidiaries; and
- (v) all such calculations and determinations shall be made by the Auditors of the Company (who shall be entitled to rely on determinations made by the appointed auditors of Subsidiaries) in accordance with sound accounting practice;

(E) The Company will not

- (i) declare or pay any dividends (other than in shares of the Company's capital stock) on any of its shares at any time outstanding, or
- (ii) redeem, reduce, purchase or otherwise pay off any of its shares at any time outstanding (except out of the proceeds of an issue of shares made at any time after June 1, 1967 and prior to or contemporaneously with any such redemption, reduction, purchase or payment),

unless immediately after giving effect to such action the aggregate amount of the Capital of the Company and of the Consolidated Capital Surplus and Consolidated Earned Surplus of the Company and its Restricted Subsidiaries will be not less than the sum of \$125,000,000;

(F) The Company will not permit any Restricted Subsidiary to guarantee any Funded Obligations or dividends of any person, firm or corporation other than the Company or any Restricted Subsidiary; and

(G) The Company will not sell or otherwise dispose of nor will it permit any Restricted Subsidiary to issue, sell or otherwise dispose of or to become liable on (except to the Company or to a Restricted Subsidiary of which such Subsidiary is a Subsidiary) any Funded Obligations (exclusive of Purchase Money Obligations not exceeding 66⅔% of the cost of the property acquired) of a Restricted Subsidiary.

Definitions

The following terms which are used above will have substantially the following meanings for the purposes of the said Supplemental Trust Indenture to be dated as of June 1, 1967.

"Capital of the Company" means the paid-up share capital of the Company as shown by the books of the Company.

"Consolidated Capital Surplus" of the Company and its Restricted Subsidiaries means the aggregate of the sum of \$16,926,412 and of all gains realized on the disposal of investments and fixed assets by the Company and its Restricted Subsidiaries after August 31, 1962 less all losses incurred on the disposal of investments and fixed assets by the Company and its Restricted Subsidiaries after August 31, 1962 arrived at on a consolidated basis in accordance with sound accounting practice provided that there shall not be included in the calculation of consolidated capital surplus any gain realized on the disposal of fixed assets if in connection with such disposal the Company or a Restricted Subsidiary as lessee enters into a lease of any part of such fixed assets.

"Consolidated Earned Surplus" of the Company and its Restricted Subsidiaries means the aggregate of the sum of \$52,951,529 and of the Consolidated Net Earnings Available For Dividends of the Company and its Restricted Subsidiaries since August 31, 1962 minus all dividends declared and/or paid subsequent to August 31, 1962 (other than stock dividends) on all shares of all classes of the capital stock of the Company, all premiums paid after August 31, 1962 on the redemption of shares of the Company's capital stock and all other items which in accordance with sound accounting practice are properly chargeable to earned surplus and declared, paid or arising after August 31, 1962.

"Consolidated Funded Obligations" with respect to any corporation (including the Company and any Restricted Subsidiary) and its Restricted Subsidiaries means the total of the Funded Obligations of such corporation and its Restricted Subsidiaries determined on a consolidated basis in accordance with sound accounting practice.

"Consolidated Net Earnings", with reference to any period, and with respect to any corporation (including the Company or any Restricted Subsidiary) and its Subsidiaries or its Restricted Subsidiaries, as the case may be, means the total operating and non-operating revenues for that period other than proceeds from the sale of investments and fixed assets, less all fixed charges, costs of products sold and all administration, selling and operating expenses of every character in connection therewith, other than interest charges on Funded Obligations, taxes on income, profits or capital, and depreciation and depletion, all as determined by the Auditors of the Company on a consolidated basis in accordance with sound accounting practice.

"Consolidated Net Earnings Available For Dividends" of the Company and its Restricted Subsidiaries means the Consolidated Net Earnings of the Company and its Restricted Subsidiaries but after deduction of interest charges on Funded Obligations, taxes on income, profits or capital, and depreciation and depletion and only including earnings or losses of any Restricted Subsidiary from the date of its becoming a Restricted Subsidiary.

"Consolidated Net Tangible Assets", with respect to any corporation (including the Company or any Restricted Subsidiary) and its Restricted Subsidiaries, means the total of all assets appearing on a consolidated balance sheet of such corporation and its Restricted Subsidiaries, prepared in accordance with sound accounting practice less the sum of the following amounts appearing on such consolidated balance sheet:

- (i) amounts, if any, at which goodwill, trademarks, copyrights, patents and other similar intangible assets (other than leases, timber licenses and concessions) and unamortized stock of debt commission, discount, expense and premium shall appear as assets;
- (ii) in the case of any asset of the Company, the amount of any write up of the value of such asset if made on the books of the Company subsequent to December 31, 1961 and in the case of any asset of a Restricted Subsidiary, the amount of any write up of the value of

such asset if made on the books of such Restricted Subsidiary after the later of December 31, 1961, or a date six (6) months prior to the date on which such Restricted Subsidiary became a Subsidiary;

- (iii) all amounts at which investments in Subsidiaries which are not being consolidated shall appear on such consolidated balance sheet as assets;
- (iv) the amount of all liabilities, other than the principal amount of Funded Obligations, capital stock, surpluses, deferred income taxes and such reserves as may be determined by the Company's Auditors not to be required to be set up as liabilities and other than contingent liabilities except to such extent, if any, as such auditors in their discretion shall determine; and
- (v) any minority interest appearing on such consolidated balance sheet;

all as determined by the Auditors of the Company on a consolidated basis in accordance with sound accounting practice.

"Funded Obligations" means all indebtedness, including Purchase Money Obligations, created, assumed or guaranteed which matures by its terms on, or is renewable at the option of the obligor to, a date more than eighteen (18) months after the date of the original creation, assumption or guarantee thereof.

"Purchase Money Obligation" means (i) any indebtedness, whether or not secured, created, assumed or guaranteed as part of the purchase price of property acquired after December 1, 1962 or for money borrowed to pay all or any part of such purchase price and (ii) any encumbrance, whether mortgage, hypothec, lien, privilege or other encumbrance affecting such property at the time of, or in connection with, such acquisition, whether or not personally assumed or granted by the acquirer, and remaining undischarged after such acquisition and (iii) any extensions, renewals or refundings of any of the foregoing, provided that the principal amount of the indebtedness, or secured by the encumbrance, and outstanding on the date of such extension, renewal or refunding is not increased.

"Restricted Subsidiary" means Price (Nfld.) Pulp & Paper Limited (formerly Anglo-Newfoundland Development Company, Limited), The Jonquiere Pulp Company, The Kenogami Land Company, Limited, Price Kraft and Paperboard Corporation (formerly Price Brothers Kraft and Paperboard Corporation), Price Paper Corporation (Canada) Ltd. (formerly Price Brothers Sales Corporation), Price Paper Corporation, Price Paper Limited, The Riverbend Company Limited, J. C. Wilson, Limited, Price Paper (Proprietary) Limited, Companhia Canadense de Papel, Grand Falls Central Railway Company Limited, Price Shipping Limited (formerly Montmorency Shipping Limited), Terra Nova Explorations Ltd., Terra Nova Properties Limited, Hygiene Products Limited, North River Paper Ltd., Victoria Box & Paper Ltd., Price (Shipshaw) Sawmill Limited, Price Lumber Company Limited and The MacLean Mining Company Limited and any other Subsidiary which the Directors by resolution shall have determined to be a Restricted Subsidiary and which before such determination shall have repaid all Funded Obligations (other than Funded Obligations held by the Company or by another Restricted Subsidiary and other than Purchase Money Obligations) incurred by it after the later of December 1, 1962 or the date on which it became a Subsidiary. Any Restricted Subsidiary shall be a Restricted Subsidiary so long as it remains a Subsidiary.

"Subsidiary" means any corporation of which more than 50% of the Voting Stock is owned, directly or indirectly, by or for the Company or by or for any corporation in like relation to the Company and includes any corporation in like relation to a Subsidiary.

"Voting Stock" means shares of capital stock of any class of a corporation having under all circumstances the right to elect at least a majority of the directors of such corporation, provided that, for

the purposes hereof, shares which only carry the right to vote conditionally on the happening of an event shall not be considered Voting Stock nor shall any shares be deemed to cease to be Voting Stock solely by reason of a right to vote accruing to shares of another class or classes by reason of the happening of such event.

Financial Statements

Attached hereto are the consolidated balance sheet and the pro forma consolidated balance sheet of The Price Company Limited and Subsidiary Companies, at 31st December 1966 and the consolidated statements of earnings and retained earnings for the five years ended on that date, as reported upon by Messrs. Price Waterhouse & Co., Chartered Accountants, Montreal, P.Q.

Yours very truly,

THE PRICE COMPANY LIMITED

(Signed) T. R. MOORE

Chairman of the Board and
President

**The Price Company Limited
and Subsidiary Companies**

**Consolidated Statement of Earnings
for the five years ended 31st December 1966
(thousands of dollars)**

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Income:					
Sales, less delivery expenses	\$101,728	109,811	125,777	127,436	143,569
Gain on foreign exchange	5,945	6,472	7,154	6,835	8,036
Mining income	959	1,898	5,916	4,387	2,406
Investment income	368	723	780	1,114	1,155
	<u>109,000</u>	<u>118,904</u>	<u>139,627</u>	<u>139,772</u>	<u>155,166</u>
Expenses:					
Cost of sales, including selling and administrative expenses	88,023	96,350	105,369	108,859	121,454
Depreciation and depletion (Note 4)	5,851	6,413	9,103	9,754	10,073
	<u>15,126</u>	<u>16,141</u>	<u>25,155</u>	<u>21,159</u>	<u>23,639</u>
Interest expense	983	2,422	2,716	2,597	2,835
Profit before income taxes and minority shareholders' interest	14,143	13,719	22,439	18,562	20,804
Income taxes (Note 4)	7,430	7,129	10,030	7,355	9,395
Minority shareholders' interest	(464)	(743)	103	667	495
Net profit from operations	<u>7,177</u>	<u>7,333</u>	<u>12,306</u>	<u>10,540</u>	<u>10,914</u>
Profit on sales of investments and fixed assets	1,244	665	504	506	1,112
Start-up expenses (Note 8)	(846)	(233)	—	—	—
Net earnings	<u>\$ 7,575</u>	<u>7,765</u>	<u>12,810</u>	<u>11,046</u>	<u>12,026</u>

**Consolidated Statement of Retained Earnings
for the five years ended 31st December 1966
(thousands of dollars)**

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Retained earnings from previous years (Note 9)	\$ 67,710	67,993	69,243	76,546	80,911
Net earnings for the year	7,575	7,765	12,810	11,046	12,026
Dividends:					
Preferred shares	(160)	(160)	(160)	(160)	(155)
Common shares	(6,354)	(6,355)	(6,355)	(6,355)	(7,428)
Other (Note 9)	(778)	—	1,008	(166)	—
Retained earnings at end of year	<u>\$ 67,993</u>	<u>69,243</u>	<u>76,546</u>	<u>80,911</u>	<u>85,354</u>

The Notes to the Financial Statements on pages 15 and 16 are an integral part of these Statements.

**The Price Company Limited
and Subsidiary Companies**

**Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
at 31st December 1966**

After giving effect as at 31st December 1966 in the pro forma consolidated balance sheet to the undernoted proposed transactions:

1. The issue and sale by The Price Company Limited of \$30,000,000 principal amount of 6¾% Sinking Fund Debentures, Series B for \$29,250,000 cash.
2. The charge to retained earnings of \$850,000 for estimated expenses of \$100,000 and discount of \$750,000 on the sale of such Debentures.
3. The repayment of all outstanding bank loans (estimated to be approximately \$16,000,000 as at June 1, 1967).
4. The balance of the proceeds from the sale of such Debentures, to the extent of an estimated amount of \$8,432,000 to be added to cash funds and, to the extent of an estimated amount of \$13,150,000, to be deposited with a trustee to be applied towards the costs of capital projects referred to in Note 7.

Assets		
	<u>Balance Sheet</u>	<u>Pro Forma Balance Sheet</u>
CURRENT ASSETS:		
Cash.....	\$ 4,560,000	\$ 12,992,000
Trusted funds.....	—	13,150,000
Short-term investments at cost (market value \$12,248,000).....	12,233,000	12,233,000
Accounts receivable.....	33,983,000	33,983,000
Inventories, including expenditures on logging operations, at lower of cost or market.....	47,746,000	47,746,000
Prepaid expenses.....	1,580,000	1,580,000
	<u>100,102,000</u>	<u>121,684,000</u>
SPECIAL REFUNDABLE PROFITS TAX.....	835,000	835,000
RECEIVABLES NOT CURRENTLY DUE.....	3,493,000	3,493,000
INVESTMENTS (Note 2).....	7,604,000	7,604,000
FIXED ASSETS (Note 3):		
Property, plant, equipment, timber limits and mining rights, at cost.....	301,690,000	301,690,000
Less: Accumulated depreciation and depletion.....	145,708,000	145,708,000
	<u>155,982,000</u>	<u>155,982,000</u>
	<u>\$268,016,000</u>	<u>\$289,598,000</u>
Liabilities		
CURRENT LIABILITIES:		
Bank loans (secured).....	\$ 7,568,000	—
Accounts payable and accrued liabilities.....	16,939,000	\$ 16,939,000
Dividends payable.....	1,864,000	1,864,000
Income taxes payable.....	1,215,000	1,215,000
Long-term debt due within one year (Note 5).....	1,000,000	1,000,000
	<u>28,586,000</u>	<u>21,018,000</u>
DEFERRED INCOME TAXES (Note 4).....	17,775,000	17,775,000
LONG-TERM DEBT (Note 5).....	51,626,000	81,626,000
MINORITY SHAREHOLDERS' INTEREST IN SUBSIDIARY COMPANIES....	3,953,000	3,953,000
SHAREHOLDERS' EQUITY:		
4% Cumulative redeemable preferred shares of \$100 par value— authorized and issued—50,000 shares, less 12,500 shares redeemed.....	3,750,000	3,750,000
Common shares without nominal or par value— authorized—15,000,000 shares; issued— 9,532,632 shares (Note 6).....	76,972,000	76,972,000
Retained earnings.....	85,354,000	84,504,000
	<u>166,076,000</u>	<u>165,226,000</u>
	<u>\$268,016,000</u>	<u>\$289,598,000</u>

Approved on behalf of the Board:

(Signed) R. E. MORROW, Director.

(Signed) W. A. ARBUCKLE, Director.

The Notes to the Financial Statements on pages 15 and 16 are an integral part of this Statement.

The Price Company Limited and Subsidiary Companies

Notes to Financial Statements

Note 1. General

The financial statements include the accounts of all the subsidiary companies.

The Company's annual statements to shareholders did not include the consolidation of the accounts of Gaspesia Pulp and Paper Company Ltd. prior to 1965.

Note 2. Investments

Marketable shares (market value \$6,025,000)	\$ 4,809,000
Other investments	2,795,000
	<u>\$ 7,604,000</u>

Marketable shares are recorded at 31st December 1954 market value. Other investments consist of minor shareholdings acquired for business purposes and are recorded mainly at cost.

Note 3. Fixed Assets

Pulp and paper mills, converting facilities and sawmills	\$216,461,000
Water power rights and developments	43,172,000
	259,633,000
Less: Accumulated depreciation	115,140,000
	144,493,000
Timber limits and woods assets	41,807,000
Less: Accumulated depreciation and depletion	30,568,000
	11,239,000
Mining rights	250,000
	<u>\$155,982,000</u>

Note 4. Depreciation and Income Taxes

Income taxes charged against earnings are based on depreciation written off in the accounts, which is provided for at rates considered adequate to amortize the cost of fixed assets over their useful lives. However, as a result of claiming greater depreciation for tax purposes, income taxes payable were less than taxes charged against earnings by \$109,000 in 1960, \$1,408,000 in 1961, \$1,876,000 in 1962, \$1,687,000 in 1963, \$2,174,000 in 1964, \$2,951,000 in 1965 and \$7,570,000 in 1966. These differences are included in Deferred Income Taxes on the balance sheet.

No income taxes were chargeable against earnings by Gaspesia for the five years ended 31st December 1966 due to losses in 1962 and 1963 and the carry forward of such losses over the remaining years.

Note 5. Long-Term Debt

	Balance Sheet	Pro Forma Balance Sheet
The Price Company Limited—		
5¾% Sinking Fund Debentures, Series A, due 1982 (sinking fund requirements—\$1,200,000 annually 1969 to 1981)	\$ 19,500,000	\$ 19,500,000
5¾% Serial Debentures, Series A, due \$1,000,000 in 1967 and 1968	2,000,000	2,000,000
6¾% Sinking Fund Debentures, Series B, due 1987 (sinking fund requirements—\$1,300,000 annually 1970 to 1986)	—	30,000,000
Gaspesia Pulp and Paper Company Ltd.—		
5½% Sinking Fund Notes due 1985—\$18,890,000 U.S. funds (sinking fund requirements—\$1,110,000 U.S. annually 1969 to 1984)	20,375,000	20,375,000
6% Subordinated Sinking Fund Notes due 1986—\$8,000,000 U.S. funds (sinking fund requirements—\$480,000 U.S. annually 1970 to 1985)	8,600,000	8,600,000
6% Junior Subordinated Debentures due 1987—\$2,000,000 U.S. funds	2,151,000	2,151,000
	52,626,000	82,626,000
Less: Amount due within one year	1,000,000	1,000,000
	<u>\$ 51,626,000</u>	<u>\$ 81,626,000</u>

Note 6. Capital Stock

Common shares authorized and outstanding at 31st December 1966 reflect the increase in authorized share capital by supplementary letters patent dated 21st April 1966 and the 3 for 1 subdivision of outstanding shares effected in April 1966. No shares of the capital stock of the Company were issued in 1966 other than new common shares to reflect the said subdivision.

Note 7. Capital Commitments

An estimated amount of \$42,500,000 will be required in 1967 to complete approved capital projects, excluding approximately \$35,000,000 expected to be invested in the years 1968 to 1970 by Price in a kraft pulp mill at Quesnel, B.C. in partnership with Weldwood of Canada Limited.

Note 8. Start-up Expenses

1962

Start-up expenses of kraft and paperboard production facilities of \$1,763,000		
less income taxes applicable thereto.....	\$	846,000

1963

Parent company's share of start-up expenses of Gaspesia's newsprint machine.....		233,000
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Note 9. Statement of Retained Earnings

Amounts classified as "Capital Surplus" in annual reports to shareholders for the years 1962 and 1963 have been included in the accompanying statement of retained earnings to conform with the reclassification of these amounts by the Company in 1964 in keeping with current accounting practice.

Credits or (charges) classified as "Other" are summarized hereunder:

1962

Discount and expenses on sale of 5¼% Series A Serial and Sinking Fund Debentures.....	(\$636,000)	
Parent company's share of the expenses of issuing Gaspesia's 5½% Sinking Fund Notes.....	<u>(142,000)</u>	(\$778,000)

1964

Adjustment arising from changes in accounting practices.....		1,008,000
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1965

Loss of deposit when project for the construction of a mill in Ontario was not proceeded with.....		(166,000)
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The changes in accounting practices effected in 1964 were required to achieve consistency in accounting for the operations of the companies in the Price Group and necessitated increases of \$767,000 and \$241,000 respectively in the opening balances of inventories and fixed assets with a corresponding increase in retained earnings. These adjustments applied mainly to the period prior to 1962 and therefore had no material effect on earnings during the five years under review.

Note 10. Subsequent Events

300,000 common shares of the Company are reserved for issue under the Price Group Employees Share Purchase Plan, authorized under By-law "U", enacted at a meeting of the Board of Directors of the Company on the 27th February, 1967, and sanctioned and approved at a Special General Meeting of the Shareholders of the Company held on the 20th April, 1967. The purchase price of the shares which will be offered under the said Plan shall not be less than 85% of the simple average of the daily closing prices on the Montreal Stock Exchange during a certain period.

Auditors' Report

To the Directors of

The Price Company Limited:

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of The Price Company Limited and Subsidiary Companies at 31st December 1966 and the consolidated statements of earnings and retained earnings for the five years ended on that date and have obtained all the information and explanations which we have required. Our examination of the financial statements of The Price Company Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies examined by us and the audited statements furnished to us, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the financial position of the company and its subsidiary companies at 31st December 1966 and the results of their operations for the five years ended on that date, in accordance with generally accepted accounting principles applied on a consistent basis, except for the changes in accounting practices in 1964 (which we approve) as mentioned in Note 9.

We further report that, in our opinion, the accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies at 31st December 1966 after giving effect at that date to the proposed transactions described thereon.

(Signed) PRICE WATERHOUSE & Co

Chartered Accountants.

MONTREAL, April 25, 1967.

Statutory Information

1. The full names of the Company are The Price Company Limited—La Compagnie Price Limitée (hereinafter referred to as the "Company"). The address of its head office is 65 St. Anne Street, Quebec City, Quebec.
2. The Company was incorporated under Part I of the Companies Act (Quebec) by Letters Patent issued on October 7, 1920. Supplementary Letters Patent have been issued dated March 8, 1937, May 21, 1946, November 20, 1950, April 27, 1961, April 26, 1963 and April 21, 1966, the last of which changed the English name of the Company from Price Brothers & Company, Limited to its present name, The Price Company Limited and authorized (i) the subdivision of the 3,500,000 authorized common shares without nominal or par value of the capital stock of the Company into 10,500,000 common shares without nominal or par value and (ii) the increase of the capital stock of the Company from 10,500,000 common shares without nominal or par value to 15,000,000 common shares without nominal or par value.
3. The general nature of the business actually transacted or to be transacted by the Company, either directly or through its subsidiaries, is the manufacture and sale of newsprint, lumber products, pulp, kraft papers, paperboard, boxboards, folding cartons, bags and other pulp and paper products and the carrying out of certain transportation, hydro-electric power, mining and exploration operations.
4. The names in full, present occupations and home addresses of the Officers and Directors of the Company are as follows:

Officers

THOMAS ROSS MOORE.....	Chairman of the Board and	2435 Perodeau Avenue, Quebec 6, Que.
	President	
ROBERT ELLIS MORROW, D.F.C., Q.C...	Vice-Chairman of the Board	Chemin du Golf, St. Bruno, Que.
GEORGE CAMERON BROWN.....	Vice-President, Paper and	1380 Leblanc Avenue, Quebec 6, Que.
	Allied Products	
WILLIAM DUNKERLEY.....	Vice-President, Group Planning . . .	1300 Oak Avenue, Quebec 6, Que.
WILLIAM JOSEPH JOHNSTON.....	Vice-President, Forest Products . .	1290 Fiset Avenue, Quebec 6, Que.
ALEXANDRE ADOLPHE LABREQUE, Q.C...	Vice-President, Secretary and	345 Laurier Avenue, Quebec 4, Que.
	General Counsel	
ROBERT EDWARD MEMBERY.....	Vice-President, Finance	1405 des Gouverneurs, Quebec 6, Que.
EUGENE LAWRENCE NEAL, D.F.C.....	Vice-President	1285 Fitzpatrick Avenue, Quebec 6, Que.
ROBERT DAMAN DUNCAN.....	Assistant Vice-President,	2370 St. Louis Road, Quebec 6, Que.
	Paper and Allied Products	
WILLIAM ROBERT BROOKE.....	Treasurer.....	1810 Sir Wilfrid Laurier Boulevard, Quebec 6, Que.
LOUIS DUMOULIN CANNON, Q.C.....	Assistant General Counsel and . . .	2120 Brulart Street, Quebec 6, Que.
	Assistant Secretary	
SAMUEL DOUGLAS MACGOWAN.....	Assistant Treasurer	820 Levis Avenue, Quebec 6, Que.

Directors

SIR JOHN WILLIAM MAXWELL AITKEN, Bt., D.S.O., D.F.C.....	Publisher.....	Leatherhead, Surrey, England
WILLIAM ANSTRUTHER ARBUCKLE.....	Chairman..... Canadian Board of The Standard Life Assurance Company	8 Chelsea Place, Montreal 25, Que.
SIR NEILL COOPER-KEY, M.P.....	Director..... Associated Newspapers Limited	15 North Court, Great Peter Street, Westminster, London, England
ALAN STARK GORDON.....	President..... Royal Securities Corporation Limited	3122 Daulac Road, Westmount, Que.
ROBERT FREDERICK HAMMOND.....	Managing Director..... Associated Newspapers Limited	59 Campbell Court, Queens Gate Gardens, London, S.W.7, England
THE HON. VERE HAROLD ESMOND HARMSWORTH.....	Vice-Chairman..... Associated Newspapers Limited	86 Eaton Square, London, S.W.1, England
GUY HUDON, Q.C.....	Advocate.....	340 des Bernieres, Quebec 4, Que.
KENNETH COLIN IRVING.....	President..... Irving Oil Company Limited	197 Mount Pleasant Avenue, Saint John, N.B.
JOHN DAVID JOHNSON.....	Retired..... former President and Chairman of the Board, Canada Cement Company, Limited	1321 Sherbrooke Street West, Montreal 25, Que.
ROGER LETOURNEAU, Q.C.....	Partner..... Létourneau, Stein, Marseille, Bienvenue, Delisle & LaRue	1213 de Laune, Quebec 6, Que.
THOMAS ROSS MOORE.....	Chairman of the Board and..... President The Price Company Limited	2435 Perodeau Avenue, Quebec 6, Que.
ROBERT ELLIS MORROW, D.F.C., Q.C..	Partner..... Cate, Ogilvy, Bishop, Cope, Porteous & Hansard	Chemin du Golf, St. Bruno, Que.
DONALD STEWART PATTERSON, O.B.E..	Chairman of the Board..... Dominick Corporation of Canada	27 Richelieu Place, Montreal 25, Que.
ARTHUR CLIFFORD PRICE.....	Retired..... former Chairman, The Price Company Limited	1231 Wolfesfield Avenue, Quebec 6, Que.
HAROLD GREVILLE SMITH, C.B.E.....	Industrialist.....	3940 Cote des Neiges Road, Montreal 25, Que.

5. The auditors of the Company are Messrs. Price Waterhouse & Co., Chartered Accountants, 5 Place Ville Marie, Montreal, Que.

6. The Transfer Agent for the preferred shares and the common shares is Montreal Trust Company, 1695 Hollis Street, Halifax, N.S.; 777 Dorchester Boulevard West, Montreal, Que.; 15 King Street West, Toronto, Ont.; and 466 Howe Street, Vancouver, B.C. The Registrar for such shares is The Royal Trust Company, 1648 Hollis Street, Halifax, N.S.; 105 St. James Street West, Montreal, Que.; 119 Adelaide Street West, Toronto, Ont.; and 626 West Pender Street, Vancouver, B.C. The Registry and Transfer Agency in respect of the Debentures of the Company including the Debentures offered by this Prospectus is Montreal Trust Company, 777 Dorchester Boulevard West, Montreal, Que., and 15 King Street West, Toronto, Ont.

7. The authorized capital stock of the Company consists of 50,000 4% cumulative redeemable preferred shares of the par value of \$100 each and 15,000,000 common shares without nominal or par value, of which 50,000 preferred shares have been issued and 37,500 of the said preferred shares are presently outstanding as fully paid and non-assessable (12,500 such preferred shares having been redeemed) and 9,532,632 common shares have been issued for an aggregate consideration of \$76,972,000 and are outstanding as fully paid and non-assessable.

The following is a description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of each class of shares of the capital stock of the Company, including redemption rights and rights on liquidation or distribution of capital assets:

Preferred Shares

The 4% cumulative redeemable preferred shares (hereinafter sometimes referred to as the "Preferred Shares") of the par value of \$100 each carry and are subject to the following rights, preferences, privileges, restrictions, conditions and limitations:

(a) The holders of the Preferred Shares shall be entitled to receive out of the net profits or surplus of the Company when and as declared by the Board of Directors, cumulative preferential dividends at the rate of Four per centum (4%) per annum, and no more, on the amount for the time being paid up thereon, such dividends to be payable by cheque or warrant of the Company at any branch of the Company's bankers in Canada (Yukon Territory excepted) in half-yearly instalments on the first days of January and July in each year to shareholders of record on such days as shall be fixed by the Directors on declaration thereof from time to time and to accrue and be cumulative from the first day of July, 1946, unless otherwise determined by resolution of the Directors from time to time before issue; and no dividends shall be declared, paid or set apart upon other stock of the Company unless all cumulative dividends accrued upon the Preferred Shares to the last preceding instalment payment date shall have been paid or declared and set apart. Until other stock or shares of the Company shall have been exhausted, the Preferred Shares shall not be liable to cancellation or reduction by reason of loss or depreciation of the Company's assets.

(b) The Company shall have the right at any time and from time to time upon resolution of the Board of Directors to call for redemption and redeem all or any of the outstanding Preferred Shares at a price per share equal to 103%, if redeemed on or before the 30th day of June, 1949, and 101%, if redeemed thereafter, of the par value thereof (or of the amount paid up thereon, if not fully paid-up) plus accrued and unpaid preferential dividends calculated to the date fixed for redemption. If the Company desires at any time to call for redemption and redeem less than all the outstanding Preferred Shares, the shares to be redeemed shall be selected by lot in such manner as may be prescribed by resolution of the Board of Directors of the Company.

(c) In any case of redemption of Preferred Shares under the provisions of paragraph (b) hereof the Company shall, at least thirty (30) days before the date fixed for redemption, mail to each registered holder of such Preferred Shares to be redeemed a notice in writing of the intention of the Company to redeem such shares. Such notice shall be mailed in a prepaid letter addressed to such holder at his address as it appears on the books of the Company, or in the event of the address of any such holder not so appearing, then to the last known address of such holder; provided, however, that accidental

failure to give any such notice to one or more such holders shall not affect the validity of such redemption. Such notice shall state the redemption price and the date on which redemption is to take place, and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or after the date fixed for redemption as specified in any such notice the Company shall pay or cause to be paid to or to the order of the registered holders of the Preferred Shares to be redeemed the redemption price on presentation and surrender of the certificates representing the shares called for redemption at the head office of the Company or any other place designated in such notice. If a part only of the shares represented by any certificate be redeemed, a new certificate representing the balance shall be issued to the holder at the expense of the Company. If notice of any such redemption be given by the Company in the manner aforesaid and if, on or before the date fixed for redemption as specified in such notice, an amount sufficient to pay to the holder or holders of the stock to be redeemed the amount or amounts which such holder or holders are entitled to receive in accordance with the foregoing provisions on the date fixed for redemption be deposited with the transfer agent or agents for such preferred shares or with any chartered bank or banks or with any trust company or trust companies in Canada as shall be specified in the notice of redemption, dividends on the preferred shares so called for redemption shall cease to accrue from and after the date so fixed for redemption; and from and after the date of such deposit, the preferred shares so called for redemption shall be and be deemed to be redeemed and shall not be reissued and the holders thereof shall cease to be entitled to exercise any rights as shareholders in respect of the said shares, and the rights of such holders shall be restricted to receiving without interest their respective proportionate parts of the total redemption price so deposited upon presentation and surrender of the certificates representing such preferred shares so called for redemption held by them respectively at the office of any such transfer agent or agents, chartered bank or banks, trust company or trust companies, as shall be specified in such notice.

(d) The Company shall have the right at its option at any time and from time to time and whether or not any preferential dividends shall then be in arrears to acquire Preferred Shares by purchase in the open market at a price or prices not exceeding in any case at the time of such purchase the redemption price applicable under the provisions of paragraph (b) above if Preferred Shares were called for redemption under the provisions of the said paragraph (b). From and after the date of purchase of any Preferred Shares in accordance with the provisions of this paragraph (d) the shares so purchased shall be deemed to have been redeemed and shall not be reissued.

(e) In the event of the winding up or dissolution of the Company, whether voluntary or involuntary or for reorganization or otherwise and upon any distribution of assets for the purpose of winding up its affairs or in the event of any reduction of capital, no sum whatever shall be paid to, and no assets whatever shall be distributed among the holders of stock or shares of the Company other than shares of the said Preferred stock until there shall have been paid to the holders of the Preferred Shares, a sum equal to the redemption price, of 103% or 101% as the case may be, which would have been applicable at the time if such Preferred Shares were called for redemption under the provisions of paragraph (b) hereof above, plus a sum equivalent to the arrears, if any, of the dividends accumulated on the Preferred Shares to the date of such winding up, dissolution, distribution, or reduction of capital as the case may be, whether or not earned or declared; and the holders of Preferred Shares shall be entitled to be paid all such moneys out of the assets of the Company by preference over and in priority to the holders of any stock or shares other than shares of the said Preferred stock and after payment to the holders of the Preferred Shares of the moneys so payable to them they shall not be entitled to share any further in the distribution of the profits or assets of the Company.

(f) Save as hereinafter provided, holders of the Preferred Shares shall not be entitled to vote in respect thereof at any meeting of the Company or to receive notice of any such meeting or to be present thereat, provided, however, that if the Company from time to time shall be in arrears in the aggregate for two (2) half-yearly dividends on the Preferred Shares (whether two (2) consecutive half-yearly periods or not) on the days on which the same should be paid according to the terms hereof, whether such dividends have been declared or not and whether or not there are any profits available for payment thereof, then, from and after the date on which the second half-yearly dividend should have been

paid according to the terms hereof and so long as any one such half-yearly dividend remains in arrears according to the terms hereof, each holder of Preferred Shares shall be entitled at any and all annual, general or special meetings of the Company to one vote for each Preferred Share held by him and to receive notice of any and all such meetings. Upon discharge from time to time of all arrears of dividends upon the Preferred Shares the voting rights of the holders thereof hereby provided for shall cease and such holders shall not be entitled to exercise voting rights in respect of such shares unless default shall again be made by the Company in the payment of two (2) half-yearly dividends as aforesaid and so on from time to time.

(g) The said Preferred Shares of the Company shall be subject to the right of the Company at any time and from time to time to increase the capital stock of the Company and to issue further preferred stock entitled to fixed cumulative preferential dividends at such rate or rates per annum and redeemable at the option of the Company at such price or prices as may be determined by by-law of the Company, so that, if any fixed cumulative preferential dividends or amounts payable on return of capital are not paid in full, all such Preferred Shares, including the Fifty thousand Preferred Shares authorized by this By-law and any such additional preferred shares, shall participate rateably in respect of such dividends including accumulations, if any, in accordance with the sums which would be payable on such shares respectively if all such dividends were declared and paid in full and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full, but otherwise such Preferred Shares shall be entitled and subject to the same rights, preferences, privileges, restrictions, conditions and limitations attaching to the said 4% Cumulative Redeemable Preferred Shares, provided that no preferred stock ranking prior to the said 4% Cumulative Redeemable Preferred Shares shall be authorized or issued and, except as provided in or resulting from any provision of this By-law, no modification shall be made in any of the rights, preferences, privileges, restrictions, conditions and limitations attaching to the said 4% Cumulative Redeemable Preferred Shares as set out herein unless approved by the votes of at least Three fourths ($\frac{3}{4}$) of such of the said 4% Cumulative Redeemable Preferred Shares as are represented at a Special Meeting of such holders or at a Special General Meeting of the Company held to authorize the creation of any such preferred stock ranking prior to the said 4% Cumulative Redeemable Preferred Shares or to authorize the making of any such modification.

Common Shares

The common shares of the capital stock of the Company carry the right to one vote per share at all meetings of shareholders, and the rights of the holders of the common shares are subject to the prior rights of the holders of the preferred shares.

8. No shares are being offered by this Prospectus.

9. There are no bonds, debentures or other securities of the Company outstanding or proposed to be issued which rank or, if issued, will rank ahead of or *pari passu* with the Debentures offered by this Prospectus other than the following:

Series A Debentures

The Company has presently outstanding \$2,000,000 principal amount of an original issue of \$5,000,000 5 $\frac{3}{4}$ % Serial Debentures, Series A dated December 1, 1962, due December 1, 1967 and December 1, 1968, redeemable as a whole or in part at any time, on thirty days' notice, at the option of the Company, in reverse order of maturity, at a premium of .30 of 1% of such principal amount for each 12 month period or portion thereof to elapse from the date fixed for redemption to the stated maturity date thereof, with accrued interest to the date fixed for redemption and \$19,500,000 principal amount of an original issue of \$20,000,000 5 $\frac{3}{4}$ % Sinking Fund Debentures, Series A dated December 1, 1962, due December 1, 1982, redeemable (for other than sinking fund purposes) as a whole or in part at any time, on thirty days' notice, at the option of the Company, up to and including November 30, 1967 at a premium of 4.96%, the premium thereafter decreasing .31 of 1% for each 12 month period or portion thereof elapsed to and including November 30, 1982, and thereafter without premium, in each case with accrued interest to the date fixed for redemption; provided that no such redemption may be effected on or before November 30, 1972, for the purpose of refunding at a lower rate of interest; redeemable for sinking fund purposes

at a premium of 2% up to and including November 30, 1967, the premium thereafter decreasing $\frac{1}{8}$ of 1% for each 12 month period or portion thereof elapsed to and including November 30, 1982, and thereafter without premium, in each case with accrued interest to the date fixed for redemption.

The Company has covenanted to provide a sinking fund for the 5 $\frac{3}{4}$ % Sinking Fund Debentures, Series A, sufficient to retire \$100,000 principal amount of such Series A Debentures on December 1, in each of the years 1967 and 1968, and \$1,200,000 principal amount of such Series A Debentures on December 1, in each of the years 1969 to 1981, inclusive. The Company reserved the right to purchase Series A Debentures on the open market or by tender or by private contract for the purpose of sinking fund or otherwise at any price not exceeding the price at which such Series A Debentures on the date of purchase are redeemable for other than sinking fund purposes, plus costs of purchase. The Company has the right to tender to the trustee 5 $\frac{3}{4}$ % Sinking Fund Debentures, Series A, in satisfaction, in whole or in part, of its sinking fund obligations, the same to be taken at the principal amount thereof.

The Series A Debentures are direct unsecured obligations of the Company, and were issued under a Trust Indenture between the Company and Montreal Trust Company, as trustee, dated as of December 1, 1962.

The Debentures offered by this Prospectus will rank, in the opinion of Counsel, *pari passu* with the Series A Debentures and any other Debentures as may be issued from time to time under the Trust Indenture, except as to sinking funds pertaining exclusively to any particular series of Debentures.

Other Indebtedness

As of April 21, 1967, the Company had a bank indebtedness totalling \$12,200,000 against lines of credit with Canadian banks in the total amount of \$25 million, all of which bank indebtedness is secured under section 88 of the Bank Act. The Company has no short term notes outstanding.

Reference is made, however, to the guarantee by the Company of the payment of the principal, interest and premium, if any, on the \$8 million (U.S.) principal amount of 6% Subordinated Sinking Fund Notes of Gaspesia Pulp and Paper Company Ltd. pursuant to the terms of the agreement referred to in subparagraph (ii) of paragraph 27 hereof.

10. No substantial indebtedness not shown in the Pro Forma Consolidated Balance Sheet of the Company and subsidiaries, as at December 31, 1966 and notes thereto, forming part of this Prospectus, is to be created or assumed by the Company. Reference is made to the bank indebtedness incurred to the date of this Prospectus referred to under the heading "Other Indebtedness".

11. No securities of the Company are covered by options outstanding or proposed to be given by the Company, except that 300,000 common shares of the Company are reserved for issue under the Price Group Employees Share Purchase Plan, authorized under By-law "U", enacted at a meeting of the Board of Directors of the Company on February 27, 1967, and sanctioned and approved at a Special General Meeting of the Shareholders of the Company held on April 20, 1967. The purchase price of the shares which will be offered under the said Plan shall not be less than 85% of the simple average of the daily closing prices on the Montreal Stock Exchange during a certain period. No shares may be issued under the said Plan before June 1, 1968.

12. The number of securities offered by this Prospectus, the offering price to the public and the terms thereof are as stated on the face page of this Prospectus to which reference is hereby expressly made, and the issue price thereof is as stated in paragraph 16 hereof. No other securities of the Company have been offered during the two years preceding the date of this Prospectus except reference is made to the Price Group Employees Share Purchase Plan mentioned in paragraph 11 hereof.

No commission has been paid or is payable in respect of the issue of any of the foregoing securities. References is made, however, to paragraphs 11 and 16 hereof, respectively, for the discount on the purchase price of the shares offered under the Price Group Employees Share Purchase Plan and the discount on the sale of the Debentures offered by this Prospectus.

13. The estimated net proceeds (before expenses estimated at \$100,000) to be derived from the sale of the Debentures offered by this Prospectus on the basis of the same being fully taken up and paid for, are \$29,250,000.

14. The net proceeds (after expenses estimated at \$100,000) of \$29,150,000 from the sale of the Debentures offered by this Prospectus will be used in part to repay indebtedness of the Company and its subsidiaries to Canadian banks estimated to be approximately \$16 million at June 1, 1967, which indebtedness has been incurred since October, 1966, during which period the total capital expenditures of the Company and its subsidiaries will have exceeded \$30 million, and the balance of such proceeds together with funds on hand will be applied towards the costs of the capital expenditures referred to under the heading "Capital Expenditures and Commitments" on page 4 of this Prospectus. The said balance of such proceeds (estimated to be approximately \$13,150,000) will be deposited with a trustee to be applied towards the costs of said capital expenditures.

The Supplemental Trust Indenture referred to in paragraph **24** hereof will contain provisions for the holding in trust of a portion (estimated to be approximately \$13,150,000) of the net proceeds to the Company from the sale of such Debentures, whereby the trustee under the said Supplemental Trust Indenture will be instructed to apply the said portion towards the costs of said capital expenditures.

15. No shares are being offered by this Prospectus.

16. By an agreement with the Company dated April 25, 1967, Royal Securities Corporation Limited, Wood Gundy Securities Limited, Pitfield, Mackay, Ross & Company Limited and Dominick Corporation of Canada have agreed to purchase from the Company, severally, on or about June 1, 1967, at a total price of \$29,250,000 plus accrued interest to date of delivery, the \$30 million principal amount of 6¾% Sinking Fund Debentures, Series B offered by this Prospectus, such price to be payable in cash against delivery, and subject to the compliance with the necessary legal formalities and to the terms and conditions stated in the agreement.

17. The By-laws of the Company provide that the remuneration to be paid to the Directors shall be such as the Board of Directors shall from time to time determine.

18. The aggregate remuneration paid by the Company to its Directors as such during the last financial year ended on December 31, 1966 was \$40,900 and to its Officers as such who individually received more than \$10,000 during such year was \$359,830 and it is estimated that the aggregate remuneration which will be payable by the Company during the current financial year to its Directors as such will be \$43,200 and to its Officers as such who individually will be entitled to receive more than \$10,000 will be \$386,000.

19. No amount has been paid within two years preceding the date of this Prospectus, or is now payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures or obligations of the Company. Reference is made, however to paragraphs **11** and **16** hereof, respectively, for the discount on the purchase price of the shares offered under the Price Group Employees Share Purchase Plan and the discount on the sale of the Debentures offered by this Prospectus.

20. The Company has been carrying on business for more than one year.

21. & 22. Except in so far as the proceeds from the sale of the Debentures offered by this Prospectus may be applied from time to time towards the costs of the capital expenditures referred to in paragraph **14** hereof and except as to transactions entered into in the ordinary course of operations or on the general credit of the Company, no property has been purchased or acquired by the Company, or is proposed to be purchased or acquired by the Company, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the issue of the Debentures offered by this Prospectus or the purchase or acquisition of which has not been completed at the date hereof, or has been paid within the two years preceding the date hereof or is to be paid in whole or in part in securities of the Company.

23. No securities have been issued or agreed to be issued by the Company as fully paid or partly paid up otherwise than in cash within two years preceding the date hereof.

24. The Debentures offered by this Prospectus are to be issued under the Trust Indenture referred to on page 7 of this Prospectus including the Supplemental Trust Indenture to be dated as of June 1, 1967. Details of the redemption provisions and sinking fund relating to the said Debentures and the other attributes and characteristics thereof are set out on pages 6 to 12 inclusive of this Prospectus.

25. No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the present issue of securities and no services have been within the two years preceding the date hereof or are now proposed to be paid for by securities of the Company.

26. Nothing has been paid within the two years preceding the date hereof or is intended to be paid to any promoter.

27. The Company has not entered into any material contracts within the two years preceding the date hereof other than contracts in the ordinary course of business carried on or intended to be carried on by the Company, except the agreements referred to in paragraphs 11 and 16 hereof and except:

(i) an agreement entitled 1966 Memorandum of Agreement dated January 14, 1966, between the Company, The New York Times Company, Price (Nfld.) Pulp & Paper Limited, Price Paper Corporation, and Gaspesia Pulp and Paper Company Ltd. (hereinafter referred to as "Gaspesia"), providing, inter alia, for the construction and equipment at Gaspesia's existing pulp and paper mill which includes the installation of a second newsprint machine in Chandler, Quebec.

(ii) a Guarantee Agreement dated June 30, 1966 by the Company in favour of New York Life Insurance Company and Metropolitan Life Insurance Company whereby the Company guaranteed the payment of the principal, interest and premium, if any, on the 6% Subordinated Sinking Fund Notes of Gaspesia in the aggregate principal amount of \$8 million (U.S.) issued to New York Life Insurance Company and Metropolitan Life Insurance Company;

(iii) an agreement entitled 1966 Seven-Party Agreement dated June 30, 1966, supplementing the agreement referred to in (i) above, between the Company, Gaspesia, Price (Nfld.) Pulp & Paper Limited, Price Paper Corporation, The New York Times Company, New York Life Insurance Company and Metropolitan Life Insurance Company with respect to, inter alia, the installation of the said second newsprint machine of Gaspesia, and the undertaking by the Company to loan to Gaspesia jointly with The New York Times Company any additional sums over and above the \$8 million (U.S.) necessary to complete the installation of the said machine, such loans to be evidenced by Junior Subordinated Debentures of Gaspesia;

(iv) a letter agreement dated August 29, 1966 by the Company to The New York Times Company with respect to their respective undertakings in connection with the loan of additional funds required for the completion of the installation of the said machine of Gaspesia in compliance with their respective obligations under the contract referred to in (iii) above; and

(v) a letter agreement dated June 6, 1966 between the Company and Weldwood of Canada Limited with respect to the Company's share in the event of default on the \$650,000 performance bond posted with the Province of British Columbia as assurance that the Quesnel mill will be built and in operation by 1971;

and except the following contracts which have been entered into by the Company for the acquisition or purchase of property or services in connection with improvements to its mills at Jonquiere, Kenogami, St. David de Falardeau and Alma, Quebec, which contracts bear the dates and have been made with the companies, firms or individuals, as the case may be, and are in respect of the objects and for the prices, as follows:

(vi) The Harland Engineering Company of Canada Ltd., LaSalle, Quebec, sectional drives, dated March 21, 1967, contract price approximately \$560,000.

(vii) Caribou Construction Inc., Westbrook, Ontario, sawmill construction, dated November 5, 1965, contract price approximately \$555,000.

(viii) Combustion Engineering-Superheater Ltd., Montreal, Quebec, steam generating unit, dated October 14, 1966, contract price approximately \$585,000.

(ix) Montreal Engineering Company Limited, Montreal, Quebec, engineering services, dated September 29, 1965, contract price approximately \$755,000.

(x) Rust Associates Ltd., Montreal, Quebec, general contractors, dated September 1 and October 12, 1965, contract price approximately \$16 million.

Within the two years preceding the date hereof the Company has entered into other contracts with respect to repairs and additions to its respective plants and properties and other capital expenditures, none of which is for more than \$500,000 or is considered to be material.

Copies of the agreements and contracts referred to in this paragraph **27** and the Supplemental Trust Indenture referred to in paragraph **24** hereof may be inspected at the head office of the Company, 65 St. Anne St., Quebec City, Quebec during the period of primary distribution of the Debentures offered by this Prospectus and during the following 30 days.

28. No Director of the Company or of any firm of which a Director is a partner has any interest in any property proposed to be acquired by the Company.

29. The Company has carried on business for more than three years.

30. No shares are being offered by this Prospectus.

31. No securities of the Company of the same class as those offered by this Prospectus are, to the knowledge of the undersigned or of the Company, held in escrow.

32. No shares are being offered by this Prospectus.

There are no other material facts pertaining to The Price Company Limited not disclosed in this Prospectus including the Statutory Information, the financial statements relating to The Price Company Limited and its subsidiaries and the information contained in the letter of the Chairman of the Board and President of The Price Company Limited forming part of this Prospectus.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part VII of the Securities Act, 1962 (British Columbia), by Part IX of The Securities Act, 1955 (Alberta), by Section 43 of The Securities Act (Saskatchewan), by Section 39 of The Securities Act (Ontario), by the Securities Act (Quebec) and by Section 13 of The Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DATED at Montreal, this 25th day of April, 1967.

Directors

(Signed) JOHN WILLIAM MAXWELL AITKEN
by his agent, R. E. MORROW

(Signed) W. A. ARBUCKLE

(Signed) R. E. MORROW

(Signed) NEILL COOPER-KEY
by his agent, R. E. MORROW

(Signed) ALAN S. GORDON

(Signed) ROBERT FREDERICK HAMMOND
by his agent, R. E. MORROW

(Signed) KENNETH COLIN IRVING
by his agent, R. E. MORROW

(Signed) VERE HAROLD ESMOND HARMSWORTH
by his agent, R. E. MORROW

(Signed) GUY HUDON

(Signed) J. D. JOHNSON

(Signed) ROGER LETOURNEAU

(Signed) T. R. MOORE

(Signed) DONALD STEWART PATTERSON
by his agent, R. E. MORROW

(Signed) HAROLD GREVILLE SMITH
by his agent, R. E. MORROW

(Signed) A. C. PRICE

Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part VII of the Securities Act, 1962 (British Columbia), by Part IX of The Securities Act, 1955 (Alberta), by Section 43 of The Securities Act (Saskatchewan), by Section 39 of The Securities Act (Ontario), by the Securities Act (Quebec) and by Section 13 of The Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or reports, where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

Royal Securities Corporation Limited

per (Signed) IVAN A. MARTIN

Wood Gundy Securities Limited

per (Signed) E. S. JOHNSTON

Pitfield, Mackay, Ross & Company Limited

per (Signed) WARREN Y. SOPER

Dominick Corporation of Canada

per (Signed) HAROLD AGNEW

The following includes the names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital stock of Royal Securities Corporation Limited: Alan Gordon, F. L. Glasgow, Ivan A. Martin, G. C. Stewart, J. R. Hughes, Estate of G. W. W. Ross and Harold Braff; of Wood Gundy Securities Limited: C. L. Gundy, W. P. Scott, W. P. Wilder, J. N. Cole, E. S. Johnston and J. K. McCausland; of Pitfield, Mackay, Ross & Company Limited: W. C. Pitfield, H. H. Mackay, D. L. Torrey, R. L. Hunter, W. Y. Soper, E. F. C. Kinnear, K. M. Sedgewick, J. M. Arbour, A. F. MacAllaster and D. C. Mackay; of Dominick Corporation of Canada: Dominick & Dominick, Incorporated.

1. The first part of the report deals with the general situation of the country and the position of the various groups of the population. It is a very interesting and informative study of the social and economic conditions of the country.

2. The second part of the report deals with the political situation of the country. It is a very interesting and informative study of the political conditions of the country.

3. The third part of the report deals with the economic situation of the country. It is a very interesting and informative study of the economic conditions of the country.

4. The fourth part of the report deals with the cultural situation of the country. It is a very interesting and informative study of the cultural conditions of the country.

5. The fifth part of the report deals with the future of the country. It is a very interesting and informative study of the future of the country.



LA COMPAGNIE PRICE LIMITÉE et ses filiales

RAPPORT FINANCIER INTÉRIMAIRE pour le semestre terminé le 30 juin 1967

À nos actionnaires

Pour les six premiers mois de 1967, le bénéfice net provenant des ventes de pâtes et papiers et des activités minières a augmenté et s'est élevé à \$4,558,000, ou 47¢ par action. L'augmentation est donc de 7% par rapport aux \$4,246,000 et aux 44¢ par action, enregistrés pour la période équivalente de l'an dernier. Il n'y a pas eu de bénéfice de quelque importance sur les ventes de placements et d'immobilisations en 1967, alors qu'il s'élevait à 13¢ par action en 1966.

L'amélioration de 3% des ventes globales exprime surtout les gains réalisés dans le secteur du papier journal, malgré la demande un peu plus faible cette année. Les revenus miniers étaient plus élevés en raison de livraisons plus considérables de minerai.

Le développement de nos installations se poursuit selon les prévisions et l'on prévoit l'entrée en service de nos nouvelles machines à papier journal, à Riverbend et à Grand Falls, pour août et décembre respectivement. Une autre nouvelle machine devrait entrer en service à Chandler, en juillet 1968. En rapport avec son programme d'expansion, la compagnie a émis, le 1er juin 1967, pour \$30,000,000 de débentures série B, 6¼%, à vingt ans.

Québec, Qué.

le 28 juillet 1967

Le président

T. R. Moore

État des revenus

Semestre
terminé le
30 juin 1967
(avant vérification
comptable)

	1967	1966
Revenus:		
Ventes, moins frais d'expédition.....	\$68,600,000	\$66,662,000
Gain sur change étranger.....	3,849,000	3,627,000
Revenus des mines.....	973,000	487,000
Revenus de placements.....	512,000	548,000
	73,934,000	71,324,000
Dépenses:		
Coût des ventes.....	57,708,000	56,692,000
Amortissement et épuisement.....	5,394,000	5,140,000
Intérêts.....	1,982,000	1,232,000
Profit avant Impôts sur le Revenu et Intérêt des Actionnaires		
Minoritaires.....	8,850,000	8,260,000
Impôts sur le revenu.....	4,294,000	3,673,000
Intérêt des actionnaires minoritaires.....	(2,000)	341,000
Profit Net d'Exploitation	4,558,000	4,246,000
Profit, ventes de placements et d'immobilisations.....	68,000	1,267,000
Revenu Net	\$ 4,626,000	\$ 5,513,000
Par Action (après déduction des dividendes privilégiés)		
Profit net d'exploitation.....	\$0.47	\$0.44
Revenu net.....	0.48	0.57



THE PRICE COMPANY LIMITED and subsidiary companies

INTERIM FINANCIAL REPORT

For the six months ended 30th June 1967

To the
Shareholders

In the first six months of 1967, net profit from pulp and paper and mining operations continued to show an increase and amounted to \$4,558,000 or 47¢ per share, a gain of 7% from the \$4,246,000 or 44¢ earned in the same period last year. There has been no significant profit on sales of investments and fixed assets in 1967, while 13¢ per share was realized in 1966.

The improvement in total sales of 3% reflects mainly gains made in the newsprint sector, which were achieved despite the somewhat softer market prevailing this year. Income from mining was higher as a result of increased ore shipments.

Quebec, P.Q.
28th July 1967

debentures on 1st June 1967.

The capital improvement program is proceeding on schedule and new newsprint machines at the Riverbend and Grand Falls mills are expected to be brought into production in August and December respectively. Another new machine, at Chandler, is expected to be operating by July 1968. In connection with its expansion program, the Company marketed a \$30,000,000 issue of 6½% Series B twenty-year

T. R. Moore
President

Statement
of earnings
Six months
ended 30th
June 1967
(unaudited)

Income:		
Sales, less delivery expenses	\$68,600,000	\$66,662,000
Gain on foreign exchange	3,849,000	3,627,000
Mining income	973,000	487,000
Investment income	512,000	548,000
Expenses:		
Cost of sales	57,708,000	56,692,000
Depreciation and depletion	5,394,000	5,140,000
Interest expense	1,982,000	1,232,000
Profit before Income Taxes and Minority Interest	8,850,000	8,260,000
Income taxes	4,294,000	3,673,000
Minority interest	(2,000)	341,000
Net Profit from Operations	4,558,000	4,246,000
Profit on sales of investments and fixed assets	68,000	1,267,000
Net Earnings	\$ 4,626,000	\$ 5,513,000
Per Share (after preferred dividends)		
Net profit from operations	\$0.47	\$0.44
Net earnings	0.48	0.57